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Actuarial Report as at December 31, 2004

Civil Service Superannuation Fund

June, 2005

106-00341/

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1. ACTUARIES' REPORT

The purpose of this Report (Valuation) is to determine the financial position of the Civil Service Superannuation Fund (Fund) as at December 31, 2004, and the adequacy of the contributions being paid to finance benefits and pay expenses. This Valuation concerns itself with the portion of the benefits financed by the Fund as defined under the Civil Service Superannuation Act (Plan or Act) as at December 31, 2004. A separate report is prepared on the Superannuation Adjustment Account (Account) which is responsible for indexing of pensions on and after July 1, 1977, and separate employer reports on the portion of the benefits not financed by the Fund.

Actual experience has been more favourable than expected during the period 2002-2004. In the future, there will be periods when actual experience is more favourable than expected and other periods when actual experience is less favourable than expected, resulting in future gains and losses.

The Fund self-insures all benefits and therefore is exposed to investment and demographic risks. Benefits may alternatively be purchased at an insurance carrier to eliminate a portion of these risks. This strategy may be cost effective in an appropriate economic climate and should be reviewed on an on-going basis by the Civil Service Superannuation Board (Board).

On a going concern basis, the Fund has a surplus of $145,068,000 as at December 31, 2004. A provision for the contribution deficiency in the next 3 years has been made on the Valuation Balance Sheet. However, no provision has been made for future indexing.

In our opinion, for the purposes of this Report:

- The financial (Appendix I) and the membership (Appendix II) data on which the Valuation is based are sufficient and reliable for the purpose of the Valuation.
- The assumptions, in aggregate, and the methods which have been used in this Valuation are appropriate for the purpose of determining the financial position of the Fund and the funding requirements of the Fund on a going concern basis (Appendix IV) and on a solvency test basis (Appendix V).
- The value of the Fund's assets would be greater than the actuarial liabilities if the Fund had been wound up on the valuation date (Appendix V).
- The Fund has no excess surplus based on the requirements found in Section 147.2 of the Income Tax Act.
- There is a risk that the Fund may be exposed to adverse investment experience in the future. The return on assets expected in the future is based on the current asset mix and strategy adopted by the Board as stated in the Statement of Investment Policies and Procedures and long-term historical rates of return on those investment asset classes. Investment experience has been favourable in the last 2 years. Continued monitoring of the assumed rate of return should occur.
- There is a risk the Fund may also be exposed to adverse demographic experience in the future. For example, an increase in the number of retirements may lead to retirement losses in the future. Increasing the assumed retirement rates to reflect the increased number of retirements may be considered.
- This Valuation does not reflect, nor is required to, the new CIA commuted value standards effective February 1, 2005. We are not aware of any other matters or events occurring since the completion of the Valuation which would materially affect the financial position of the Fund as at December 31, 2004.

We hereby certify that, in our opinion, the assets of the Fund, together with the investment income, are sufficient to provide the benefits promised by the Fund, in respect of service completed up to the valuation date, provided future experience is equal to or better than the experience anticipated in the actuarial assumptions. Contribution rates to the Fund will likely need to be increased at some point in the future to eliminate the current contribution deficiency so that future benefit accruals do not cause a deficiency in assets.

This Valuation has been prepared and this opinion has been given in accordance with accepted actuarial practice.

This Valuation is subject to approval by the appropriate regulatory authorities. It is recommended the next Valuation occur no later than December 31, 2007. It is recommended the Board continue to monitor the adequacy of the contribution rates. The Board may wish to consider bi-annual valuations in the future given the deficiency in the contribution rate so that it may monitor and ensure the financial health of the Fund.

Dennis Ellement

Louis Ellement

Dennis Ellement, F.S.A., F.C.I.A.
Winnipeg, Manitoba June 17, 2005

Louis Ellement, F.S.A., F.C.I.A.

2. VALUATION BALANCE SHEET

	December 31, 2004	December 31, 2001
ASSETS (Appendix I)		
Fixed Income Investments (market value)	$ 1,279,011,000	$ 1,040,134,000
Equity Investments (market value)	1,667,133,000	1,200,336,000
	$ 2,946,144,000	$ 2,240,470,000
Net Receivables/Payables et al	16,327,000	8,666,000
Debt due from the Province of Manitoba	1,826,000	1,826,000
Manitoba Telecom Services Inc. in trust	-	(363,000)
Correctional Officers' Trust Account	(3,040,000)	(1,623,000)
Employer Trust Accounts	(39,438,000)	(29,587,000)
Money Purchase Accounts Plan	(10,403,000)	(7,597,000)
Province Unfunded Pension Liability Trust Account	(139,163,000)	(17,631,000)
Net Assets Available for Benefits	$ 2,772,253,000	$ 2,194,161,000
Superannuation Adjustment Account	(174,649,000)	(145,357,000)
Net Assets Available for Basic Benefits	$ 2,597,604,000	$ 2,048,804,000
LIABILITIES (Appendix II, III)		
Value of Fund's liabilities for service accrued to date:		
Active Participants:		
▪ retirement pensions	$ 1,124,480,000	$ 905,505,000
▪ deferred pensions	139,540,000	138,069,000
▪ survivors' pensions	32,666,000	27,370,000
▪ cash settlements	14,970,000	10,413,000
	$ 1,311,656,000	$ 1,081,357,000
Other Participants:		
▪ deferred annuities (DA)	58,549,000	55,659,000
▪ transfers to reciprocating Manitoba employers (RM)	7,661,000	8,482,000
▪ transfers under reciprocal agreements (RA)	32,000	1,245,000
	$ 66,242,000	$ 65,386,000
Pensions in Payment:		
▪ retirement pensions	846,764,000	650,606,000
▪ survivors' pensions	95,208,000	76,801,000
	$ 941,972,000	$ 727,407,000
Service to Date Liabilities	$ 2,319,870,000	$ 1,874,150,000
Provision for Contribution Deficiency	48,244,000	101,854,000
Asset Smoothing Reserve	84,422,000	66,570,000
Total Basic Liabilities	$ 2,452,536,000	$ 2,042,574,000
Going Concern Basic Surplus	$ 145,068,000	$ 6,230,000
Funded Ratio	105.92%	100.31%

3. STATEMENT OF CHANGES IN FINANCIAL POSITION

	Assets	Liabilities	Reserves	Surplus
2002 AUDITED FINANCIAL STATEMENTS				
2001 Closing Financial Position (Note 1)	**2,048,804,000**	**1,874,150,000**	**168,424,000**	**6,230,000**
Auditor's adjustment re refund payables	3,129,000	-	-	3,129,000
Contributions/Benefits Accrued (Note 2)	64,948,000	70,054,000	(5,106,000)	-
Benefit Experience (Note 3)	(81,900,000)	(80,715,000)	-	(1,185,000)
Investment Experience 1.30% (Note 4)	24,453,000	126,145,000	(126,483,000)	24,791,000
Actuarial Reserve Change (Note 5)	-	19,897,000	13,068,000	(32,965,000)
2002 Projected Closing Going Concern	**2,059,434,000**	**2,009,531,000**	**49,903,000**	**-**
2003 AUDITED FINANCIAL STATEMENTS				
Contributions/Benefits Accrued (Note 2)	66,014,000	71,091,000	(5,077,000)	-
Benefit Experience (Note 3)	(86,212,000)	(84,683,000)	-	(1,529,000)
Investment Experience 13.25% (Note 4)	272,296,000	135,185,000	97,040,000	40,071,000
Actuarial Reserve Change (Note 5)	-	20,959,000	13,650,000	(34,609,000)
2003 Projected Closing Going Concern	**2,311,532,000**	**2,152,083,000**	**155,516,000**	**3,933,000**
2004 AUDITED FINANCIAL STATEMENTS				
Contributions/Benefits Accrued (Note 2)	70,498,000	75,854,000	(5,356,000)	-
Benefit Experience (Note 3)	(93,648,000)	(92,032,000)	-	(1,616,000)
Investment Experience 13.42% (Note 4)	309,222,000	144,720,000	123,563,000	40,939,000
Actuarial Reserve Change (Note 5)	-	(334,000)	13,348,000	(13,014,000)
2004 Projected Closing Going Concern	**2,597,604,000**	**2,280,291,000**	**287,071,000**	**30,242,000**
2004 ACTUARIAL VALUATION: 2001 BASIS				
Release Interim Contingency Reserves (Note 5)	-	(44,712,000)	(2,907,000)	47,619,000
ITA Maximum Pensionable Salary Limit (Note 6)	-	6,505,000	-	(6,505,000)
Salary Gain 3-Year Experience (Note 7)	-	(9,836,000)	-	9,836,000
Retirement Loss 3-Year Experience (Note 8)	-	10,941,000	-	(10,941,000)
Other Benefit Loss 3-Year Experience (Note 9)	-	4,842,000	-	(4,842,000)
2004 Closing Going Concern: 2001 Basis	**2,597,604,000**	**2,248,031,000**	**284,164,000**	**65,409,000**
2004 ACTUARIAL VALUATION: 2004 BASIS				
Inflation Rate: 2.75% to 2.50% (Note 10)	-	71,839,000	-	(71,839,000)
Contribution Deficiency Allowance (Note 11)	-	-	(75,230,000)	75,230,000
Asset Smoothing Reserve (Note 12)	-	-	(76,268,000)	76,268,000
2004 Closing Going Concern: 2004 Basis	**2,597,604,000**	**2,319,870,000**	**132,666,000**	**145,068,000**

NOTES:

1. The 2001 Valuation Report revealed a surplus of $6,230,000. The Provincial Auditor adjusted the financial statements by $3,129,000 following the preparation of the 2001 Valuation Report to reflect a more appropriate accounting of benefits and refunds payable to participants at the end of each year.

2. The cost of current service each year is funded by the contributions remitted to the Fund and the reserve for contributions set up on the Valuation Balance Sheet. This allowance established on the Valuation Balance Sheet is equal to the excess of the present value of future service liabilities over the present value of future contributions in the next 3 years. The magnitude of the contribution deficiency has significantly increased for this 2004 Valuation Report. This contribution deficiency is directly impacted by the choice of actuarial cost method, the expected future investment and demographic experience anticipated in the actuarial assumptions, and by the aging of the active population.

3. The benefits paid by the Fund are generally assumed to be equal to the liabilities released during the projection period in the information provided to the Provincial Auditor in the preparation of the annual consolidated financial statements of the Fund. At the time of the triennial review, the amounts for administrative expenses and minor transfer amounts are calculated and reflected in benefit experience.

4. Investment experience during the period under review is comprised of 3 major components. First, the actual rate of return earned on the Fund during the period, averaging 9.32% per year, is compared to the assumed rate of return of 6.75% per year to determine if any investment gain has occurred. Second, any investment growth on assets at the assumed rate of return of 6.75% per year which are held in respect of non-interest-bearing reserves or in respect of any surplus is calculated and released to surplus. Lastly, changes in the investment reserve are used to offset unfavourable investment experience. The following table summarizes the combined net investment experience:

	Investment Experience Generating Surplus		
Year	Net Actual Rate of Return	Net Assumed Rate of Return	Total Investment Experience
2002	1.30%	6.75%	$ 24,791,000
2003	13.25%	6.75%	40,071,000
2004	13.42%	6.75%	40,939,000
Reserve Change			76,268,000
	9.32%	**6.75%**	**$ 182,069,000**

5. During the projection period, a contingency reserve was established explicitly for the possibility of unidentified adverse experience and is provided to the Provincial Auditor in the preparation of the annual consolidated financial statements of the Fund.

   Subsequent to the 2004 audit projection, the triennial actuarial valuation is performed. As an initial reconciliation to the 2004 audit projection, the contingency reserves are released back to surplus.

6. The maximum pension permitted to be paid under the Income Tax Act increased from $1,722.22 to $2,000.00 per year of pensionable service during the period under review. As a result, benefits that were previously excluded from the Fund Valuation based on a maximum pensionable salary of $93,931 are now included if a participant's salary is less then $108,228. This has increased the Fund's share of liability by $6,505,000.

7. The average salary increase of 3.59% per year of service was less than the average assumed salary increase of 4.50% per year during the 3 year period under review. This has resulted in a gain during the 3-year period equal to $9,836,000.

8. The number of retirements in the last 3 years equal to 2,144, exceeded the 20 year average expected of 1,794 for a 3 year period, by 350 retirements. This has resulted in an estimated retirement loss of $10,941,000. The retirement rates used in this Valuation continue to reflect 10% above actual long-term expected retirement patterns. This allowance should provide some margin against adverse retirement experience in the future. However, this margin may be more than offset if an extraordinary number of retirements occur in the next decade (i.e. "baby boomers"). The retirement allowance will continue to be monitored in subsequent Valuations.

9. Adverse termination experience, for which large commuted values are payable in the current low interest environment, was largely responsible for the $4,842,000 other benefit loss during the 3 year period under review.

10. The 2004 Valuation Basis has been strengthened by lowering the inflation rate from 2.75% per year to 2.50% per year which has resulted in the reduction in the assumed rate of return from 6.75% to 6.50% per year. This change increased the liabilities by $71,839,000.

11. The allowance for the contribution deficiency has been reduced from $123,474,000 (as would be required under the 2001 Actuarial Cost Method) to $48,244,000 to allow for the contribution deficiency in the next 3 years. It is recommended the Board continue to monitor the adequacy of the contribution rates.

12. The traditional method of asset smoothing would have produced a reserve of $160,690,000 for the 2004 Valuation Report. This reserve has been capped at 50% of the assumed rate of return, or 3.25%, of assets. As a result, the asset smoothing reserve equals $84,422,000 for the 2004 Valuation Report.

4. CURRENT SERVICE COST

The accrued benefit cost method of valuation, with salary projection, has been used in this Valuation. Under this method, the expected cost in each year after the valuation date is equal to the cost of benefits expected to be credited for service in the next year. This expected cost is expressed as a level percentage of salary each year. These percentages are commonly called the theoretical contribution rates.

In the following table, we have compared the required contribution rates and the theoretical contribution rates (below/above Canada Pension Plan Earnings (CPPE)) on the basis of age, sex, and salary distribution, as exists for present active participants:

	2005		2002	
		< CPPE / ≥ CPPE		< CPPE / ≥ CPPE
Required Contributions				
Required Contributions (blended)	$ 83,314,000	5.96% / 7.00%	$ 63,601,000	5.96% / 7.00%
Indexing Allocation	(8,498,000)	(0.61%) / (0.71%)	(6,356,000)	(0.61%) / (0.71%)
Required Basic Contributions	74,816,000	5.35% / 6.29%	57,245,000	5.35% / 6.29%
Theoretical Contributions				
Value of future benefits alloca				
to each year of service:				
- retirement pensions	$ 71,172,000	5.10% / 5.99%	$ 52,114,000	4.87% / 5.73%
- deferred pensions	13,328,000	0.95% / 1.12%	7,277,000	0.68% / 0.80%
- survivors' pensions	2,375,000	0.17% / 0.20%	1,504,000	0.14% / 0.17%
- cash settlements	4,806,000	0.34% / 0.40%	862,000	0.08% / 0.10%
Theoretical Basic Contributions	91,681,000	6.56% / 7.71%	61,757,000	5.77% / 6.80%
Contribution Margin/(Deficiency)	(16,865,000)	(1.21%) / (1.42%)	(4,512,000)	(0.42%) / (0.51%)

The increase in the contribution deficiency is largely due to the change in the actuarial cost method (previously entry age normal) and the reduction in the inflation rate from 2.75% to 2.50% per year.

A provision for the $16,865,000 annual contribution deficiency has been made on the Valuation Balance Sheet. This provision is equal to $48,244,000 for the next 3 years.

1. Net Assets Available For Benefits

	December 31, 2004	December 31, 2001
ASSETS (Source: Audited Financial Statements)		
Fixed Income Investments (market value)	$ 1,279,011,000	$ 1,040,134,000
Equity Investments (market value)	1,667,133,000	1,200,336,000
	$ 2,946,144,000	$ 2,240,470,000
Net Receivables/Payables et al	16,327,000	8,666,000
Debt due from the Province of Manitoba (Note 1)	1,826,000	1,826,000
Manitoba Telecom Services Inc. in trust (Note 2)	-	(363,000)
Correctional Officers' Trust Account (Note 3)	(3,040,000)	(1,623,000)
Employer Trust Accounts (Note 4)	(39,438,000)	(29,587,000)
Money Purchase Accounts Plan (Note 5)	(10,403,000)	(7,597,000)
The Province of Manitoba Unfunded Pension Liability Trust Account (Note 6)	(139,163,000)	(17,631,000)
	$ 2,772,253,000	$ 2,194,161,000
Superannuation Adjustment Account	(174,649,000)	(145,357,000)
Net Assets Available for Benefits	$ 2,597,604,000	$ 2,048,804,000

Note 1: Under Section 24(1) of the Act, the Province of Manitoba assumed an accrued liability of $1,826,000 for its employees and pensioners as at May 1, 1939. The Province of Manitoba pays semi-annual interest at 4.00% per annum on this amount.

Note 2: On January 1, 1997, Manitoba Telephone System became a publicly traded corporation named Manitoba Telecom Services Inc. (MTS) and it assumed all responsibility for pension benefit payments for its employees and former employees. The Board no longer administers, on behalf of MTS, any investments which were included in the transfer of assets to MTS.

Note 3: Effective November 19, 1996, employees who are members of the Province of Manitoba's Corrections Component are required to contribute an additional 1.00% of pensionable earnings. These additional contributions, which are credited to this trust account, are intended to fund the additional pension benefits for eligible employees who may retire as early as age 50 with no reduction for early retirement providing age and qualifying service is equal to a total of 75 or greater.

Note 4: The Fund is responsible for providing enhanced benefits enacted in the 1992 legislation agreed to by the Employee Liaison Committee and the Employer Pension Advisory Committee. These benefits are 100% financed from the Fund's net assets available for benefits. To facilitate this funding, trust accounts were established for non-matching employers participating in the Fund for their share of the actuarial valuation of these future benefit enhancements. Specific contributions from eligible employees are being transferred to the applicable trust account.

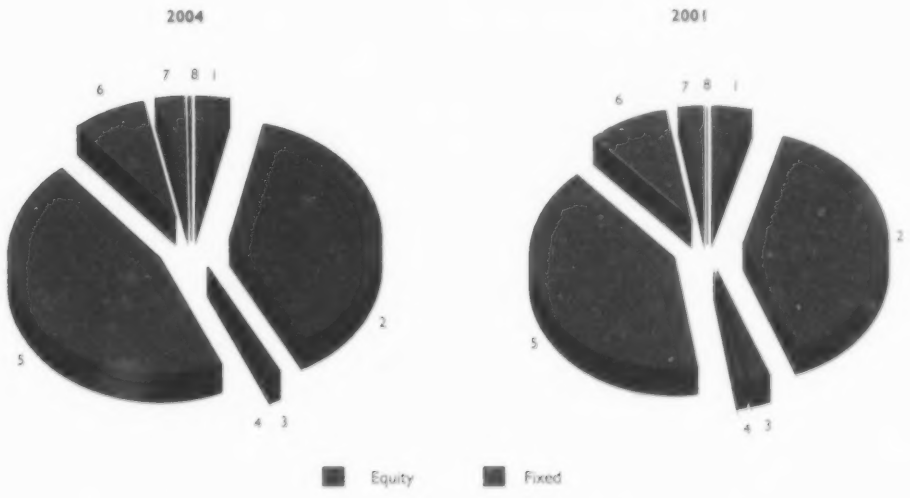
Note 5: Effective January 2, 1985, a separate Money Purchase Accounts Plan was established to enhance the portability of pensions. Contributors include employees, recipients of superannuation allowances, annuities or pensions payable under the Act, or persons on whose behalf the Board is required or requested to transfer moneys to this Plan. Refunds are made upon written request by the contributor. Administrative costs are recovered by the Board.

Note 6: The Balanced Budget, Debt Repayment and Taxpayer Protection Amendment and Consequential Amendments Act (Amendments Act) came into effect on August 18, 2000. This Amendments Act requires the Province of Manitoba (the Province) to establish a fund and to make payments to the established fund.

Under the terms of a March 6, 2001 agreement between the Province and the Board, the Province established a fund with the Board and the Province is making the required payments to this fund. As well, the Province is making payments to this fund that are related to the Special Operating Agencies unfunded pension liabilities. Payments received by the Board from the Province are held by the Board in trust for and on behalf of the Province and are invested by the Board on behalf of the Province. The payments received are not assets of the Plan and accordingly, they are accounted for by the Fund in the Unfunded Pension Liability Trust Account. This trust account earns investment income at a rate of return equal to the rate of return earned by the Fund. The Board receives an investment management fee for its services. The payments made by the Province to the Board do not reduce the accrued pension benefit obligations of the Fund.

Note 7: Asset Mix Distribution

	2004		2001	
1. Short Term	$ 107,080,000	3.63%	$ 102,244,000	4.56%
2. Bonds and Debentures	1,135,038,000	38.53%	889,101,000	39.69%
3. Mortgages	36,893,000	1.25%	48,789,000	2.18%
Fixed Income	$ 1,279,011,000	43.41%	$ 1,040,134,000	46.43%
4. Common Stock	-	0.00%	25,524,000	1.14%
5. Pooled Funds	1,338,139,000	45.42%	912,598,000	40.73%
6. Real Estate	228,800,000	7.77%	202,826,000	9.05%
7. Petroleum and Natural Gas	90,093,000	3.06%	56,691,000	2.53%
8. Venture Capital	10,101,000	0.34%	2,697,000	0.12%
Equity	$ 1,667,133,000	56.59%	$ 1,200,336,000	53.57%
	$ 2,946,144,000	100.00%	$ 2,240,470,000	100.00%



To limit the exposure to interest rate fluctuation and to obtain the best possible return at an acceptable risk, the Board established a long-term investment mix policy of 45% fixed income and 55% equity (Source: Audited Financial Statements).

2. 66-Year Cash Flow and Rates of Return History

[1] Year**	[2] Contributions	[3] Benefits	[4] Expenses	[5] Investment Fees	[6] Investment Income	[7] Closing Assets	[8] Net Return
	$ 0	$ 0	$ 0	$ 0	$ 0	$ 5,022,908	
1939	452,383	(117,994)	(4,151)	0	123,003	5,476,149	2.37%
1940	462,964	(172,927)	(8,018)	0	130,602	5,888,770	2.33%
1941	594,089	(200,751)	(7,086)	0	181,856	6,456,878	2.99%
1942	455,779	(208,762)	(9,488)	0	189,072	6,883,479	2.88%
1943	440,959	(228,891)	(6,852)	0	203,731	7,292,426	2.92%
1944	441,331	(237,906)	(6,801)	0	121,812	7,610,862	1.65%
1945	476,802	(279,094)	(8,365)	0	243,235	8,043,440	3.16%
1946*	495,588	(284,104)	(6,597)	0	184,284	8,432,611	2.26%
1947	778,339	(328,404)	(7,869)	0	236,658	9,111,335	2.73%
1948*	792,068	(372,476)	(351,476)	0	122,680	9,302,131	1.34%
1949	905,065	(421,390)	(9,473)	0	262,446	10,038,779	2.75%
1950	994,024	(469,602)	(9,293)	0	286,002	10,839,910	2.78%
1951*	1,179,579	(527,278)	(12,349)	0	(179,115)	11,300,747	(1.60%)
1952*	1,344,962	(553,862)	(11,919)	0	(1,265,915)	10,814,013	(10.83%)
1953	1,462,734	(666,186)	(12,101)	0	341,695	11,940,155	3.05%
1954	1,611,842	(690,616)	(15,320)	0	341,770	13,187,831	2.76%
1955	1,663,647	(773,936)	(12,476)	0	434,896	14,499,962	3.19%
1956	1,790,935	(859,146)	(13,597)	0	384,823	15,802,977	2.57%
1957	2,130,165	(798,404)	(19,480)	0	523,979	17,639,237	3.18%
1958*	2,395,882	(917,013)	(23,360)	0	764,898	19,859,644	4.16%
1959*	2,661,599	(1,035,623)	(27,240)	0	1,039,120	22,497,500	5.03%
1960	4,144,352	(1,154,232)	(31,120)	0	1,246,736	26,703,236	5.20%
1961	2,927,316	(1,403,725)	(28,990)	0	1,485,022	29,682,859	5.41%
1962	3,196,204	(1,605,710)	(28,171)	0	1,668,806	32,913,988	5.48%
1963	3,558,599	(1,759,225)	(36,677)	0	1,873,563	36,550,248	5.54%
1964*	3,877,559	(2,219,502)	(38,149)	0	1,979,089	40,149,245	5.30%
1965*	3,160,279	(2,014,266)	(29,849)	0	1,570,949	42,836,358	3.86%
1966	3,725,529	(3,651,008)	(52,977)	0	2,274,524	45,132,426	5.31%
1967	4,369,950	(2,643,540)	(48,180)	0	2,449,109	49,259,765	5.33%
1968	5,053,832	(2,676,421)	(64,800)	0	2,701,658	54,274,034	5.36%
1969	5,854,684	(3,005,217)	(75,977)	0	3,091,166	60,138,690	5.55%

* Some numbers in 1958, 1959, and 1964 were estimated. 1946 is an 11-month "year", and 1965 is a 9-month "year". (Adjusted Book Value: 1939-1990 | Market Value: 1991-2004). In 1948, 1951 and 1952 transfers to reserves for possible future losses on account of investment principal were made, and special adjustments under the Act occurred.

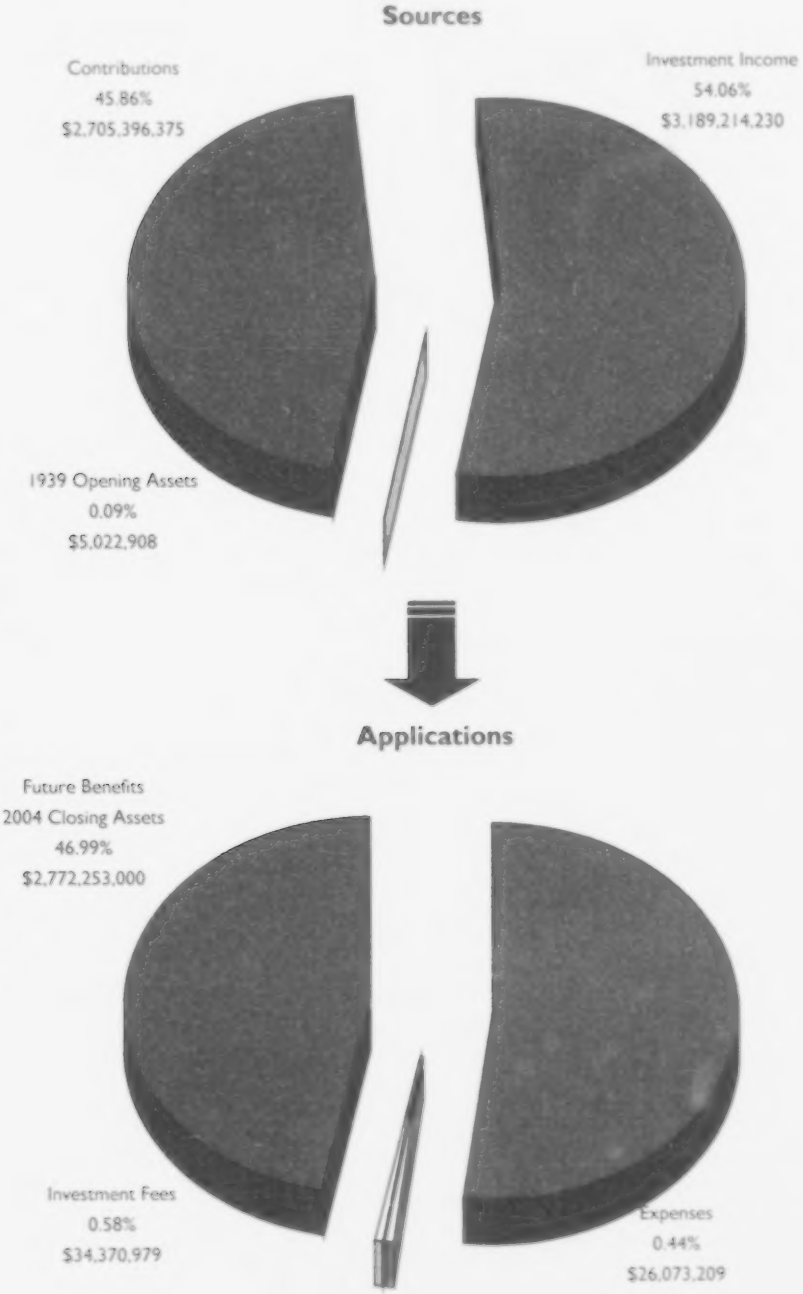
** Years 1939 to 1945 commenced on May 1, years 1946 to 1964 commenced on April 1. Thereafter, calendar years are reported.

[1] Year**	[2] Contributions	[3] Benefits	[4] Expenses	[5] Investment Fees	[6] Investment Income	[7] Closing Assets	[8] Net Return
1970	6,680,379	(3,486,690)	(94,068)	0	4,980,327	68,218,638	8.07%
1971	7,799,868	(4,149,289)	(104,499)	0	4,261,235	76,025,953	6.09%
1972	9,167,547	(4,838,136)	(143,101)	0	6,082,486	86,294,749	7.79%
1973	10,468,999	(5,931,048)	(144,955)	0	5,923,884	96,611,629	6.69%
1974	13,415,988	(7,519,676)	(187,266)	0	7,034,969	109,355,644	7.07%
1975	17,478,089	(8,729,977)	(277,474)	0	8,459,738	126,286,020	7.45%
1976	21,560,004	(10,893,728)	(328,456)	0	10,454,455	147,078,295	7.95%
1977	25,723,575	(12,527,475)	(420,893)	0	12,779,529	172,633,031	8.33%
1978	28,820,421	(15,566,709)	(464,754)	(267)	16,514,075	201,935,797	9.22%
1979	30,972,133	(18,939,495)	(426,237)	(5,006)	20,277,643	233,814,835	9.76%
1980	35,610,583	(22,105,591)	(501,376)	(7,389)	24,502,748	271,313,810	10.19%
1981	40,077,511	(24,347,203)	(562,043)	(16,508)	30,878,819	317,344,386	11.07%
1982	46,310,086	(26,696,402)	(574,946)	(20,929)	39,173,814	375,536,009	11.98%
1983	55,246,946	(32,486,301)	(1,649,451)	(13,059)	46,079,767	442,713,911	11.93%
1984	55,247,692	(41,641,651)	(726,172)	(81,599)	52,113,402	507,625,583	11.58%
1985	60,726,998	(44,840,057)	(769,761)	(115,395)	60,619,735	583,247,103	11.74%
1986	66,731,516	(51,745,686)	(701,556)	(214,827)	67,587,082	664,903,632	11.41%
1987	74,154,000	(60,044,000)	(958,000)	(22,000)	71,783,368	749,817,000	10.69%
1988	82,966,000	(68,349,000)	(1,127,000)	(722,000)	30,951,000	793,536,000	4.00%
1989	87,444,000	(75,248,000)	(1,233,000)	(1,067,000)	141,327,000	944,759,000	17.55%
1990	95,317,000	(87,829,000)	(818,000)	(1,198,000)	94,997,000	1,045,228,000	9.89%
1991	104,335,000	(93,946,000)	(670,000)	(1,364,000)	180,752,000	1,234,335,000	17.08%
1992	107,405,000	(115,873,000)	(791,000)	(1,290,000)	93,632,000	1,317,418,000	7.51%
1993	114,699,000	(119,806,000)	(900,000)	(1,116,000)	230,089,000	1,540,384,000	17.42%
1994	117,886,000	(129,598,000)	(969,000)	(1,520,000)	3,382,000	1,529,565,000	0.12%
1995	121,492,000	(137,521,000)	(894,000)	(1,845,000)	252,094,000	1,762,891,000	16.45%
1996	127,112,000	(151,650,000)	(982,000)	(2,777,000)	239,112,000	1,973,706,000	13.50%
1997*	104,920,000	(546,688,000)	(736,000)	(2,117,000)	166,119,000	1,695,204,000	9.36%
1998	122,261,000	(129,544,000)	(785,000)	(1,981,000)	142,888,000	1,828,043,000	8.33%
1999	115,219,000	(135,216,000)	(712,000)	(2,398,000)	139,931,000	1,944,867,000	7.57%
2000	125,361,000	(147,650,000)	(964,000)	(2,664,000)	193,804,000	2,112,754,000	9.89%
2001	136,764,000	(156,626,000)	(845,000)	(2,164,000)	107,407,000	2,197,290,000	5.01%
2002	149,320,000	(168,974,000)	(1,037,000)	(2,490,000)	30,846,000	2,204,955,000	1.30%
2003	155,824,000	(179,152,000)	(1,274,000)	(3,142,000)	293,631,000	2,470,842,000	13.25%
2004	167,480,000	(194,500,000)	(1,283,000)	(4,019,000)	333,733,000	2,772,253,000	13.42%
	$ 2,705,396,375	$ (3,066,936,325)	$ (26,073,209)	$ (34,370,979)	$ 3,189,214,230		

* The large decrease in assets in 1997 was due to the privatization of MTS.

The volatility in the changes in asset values since 1990 are due to the Auditor's requirement that market values be reported. Previously, adjusted book values were used. The Valuation Balance Sheet separately reflects a smoothing asset adjustment reserve to partially mitigate or neutralize this volatility.

66-Year Cash Flow Distribution: 1939-2004 (reference Table Appendix I - pages 3, 4)



66-Year History of Returns

	Actual Rates of Return			Assumed Rates of Return		
Year	Net	Inflation	Real Rate	Net	Inflation	Real Rate
1939	2.37 %	2.59 %	(0.21) %	3.75 %	1.00 %	2.75 %
1940	2.33	5.04	(2.58)	3.75	1.00	2.75
1941	2.99	6.40	(3.20)	3.75	1.00	2.75
1942	2.88	3.01	(0.13)	3.75	1.00	2.75
1943	2.92	1.46	1.44	3.75	1.00	2.75
1944	1.65	(1.44)	3.14	3.75	1.00	2.75
1945	3.16	1.46	1.68	3.75	1.00	2.75
1946	2.26	5.76	(3.31)	3.75	1.00	2.75
1947	2.73	14.97	(10.65)	3.75	1.00	2.75
1948	1.34	8.88	(6.93)	3.25	1.00	2.25
1949	2.75	1.09	1.64	3.25	1.00	2.25
1950	2.78	5.91	(2.96)	3.25	1.00	2.25
1951	(1.60)	10.66	(11.08)	3.25	1.00	2.25
1952	(10.83)	(1.38)	(9.58)	3.25	1.00	2.25
1953	3.05	-	3.05	3.25	1.00	2.25
1954	2.76	-	2.76	3.25	1.00	2.25
1955	3.19	0.47	2.71	3.25	1.00	2.25
1956	2.57	3.24	(0.65)	3.25	1.00	2.25
1957	3.18	1.79	1.37	3.50	1.00	2.50
1958	4.16	2.64	1.48	3.50	1.00	2.50
1959	5.03	1.29	3.69	3.50	1.00	2.50
1960	5.20	1.27	3.88	3.75	1.00	2.75
1961	5.41	0.42	4.97	3.75	1.00	2.75
1962	5.48	1.67	3.75	3.75	1.00	2.75
1963	5.54	1.64	3.84	4.00	1.00	3.00
1964	5.30	2.02	3.22	4.00	1.00	3.00
1965	3.86	3.16	0.68	4.00	1.00	3.00
1966	5.31	3.45	1.80	4.50	1.50	3.00
1967	5.33	4.07	1.21	4.50	1.50	3.00
1968	5.36	3.91	1.40	4.50	1.50	3.00
1969	5.55	4.79	0.73	5.00	2.00	3.00
1970	8.07	1.31	6.67	5.00	2.00	3.00
1971	6.09	5.16	0.88	5.00	2.00	3.00
1972	7.79	4.91	2.75	6.00	3.00	3.00
1973	6.69	9.36	(2.44)	6.00	3.00	3.00
1974	7.07	12.30	(4.66)	6.00	3.00	3.00
1975	7.45	9.52	(1.89)	6.75	3.50	3.25
1976	7.95	5.91	1.93	6.75	3.50	3.25
1977	8.33	9.46	(1.03)	6.75	3.50	3.25
1978	9.22	8.36	0.79	7.50	4.25	3.25
1979	9.76	9.80	(0.04)	7.50	4.25	3.25
1980	10.19	11.19	(0.90)	7.50	4.25	3.25
1981	11.07	12.10	(0.92)	8.50	5.50	3.00
1982	11.98	9.26	2.49	8.50	5.50	3.00
1983	11.93	4.55	7.06	9.25	6.50	2.75
1984	11.58	3.76	7.54	9.50	6.75	2.75
1985	11.74	4.35	7.08	9.50	6.75	2.75
1986	11.41	4.17	6.95	9.50	6.75	2.75
1987	10.69	4.15	6.28	9.25	6.50	2.75
1988	4.00	4.00	-	9.25	6.50	2.75
1989	17.55	5.13	11.81	9.25	6.50	2.75
1990	9.89	5.00	4.66	9.25	6.25	3.00
1991	17.08	3.78	12.82	9.25	6.25	3.00
1992	7.51	2.14	5.26	9.25	6.25	3.00
1993	17.42	1.70	15.46	8.00	4.00	4.00
1994	0.12	0.23	(0.11)	8.00	4.00	4.00
1995	16.45	1.75	14.45	8.00	4.00	4.00
1996	13.50	2.17	11.09	7.50	3.75	3.75
1997	9.36	0.73	8.57	7.50	3.75	3.75
1998	8.33	1.05	7.20	7.50	3.75	3.75
1999	7.57	2.58	4.86	7.00	3.00	4.00
2000	9.89	3.23	6.45	7.00	3.00	4.00
2001	5.01	0.70	4.28	7.00	3.00	4.00
2002	1.30	3.88	(2.48)	6.75	2.75	4.00
2003	13.25	1.99	11.04	6.75	2.75	4.00
2004	13.42	2.12	11.07	6.75	2.75	4.00
66-Yr Avg	6.59 %	4.12 %	2.46 %	5.82 %	2.82 %	3.00 %

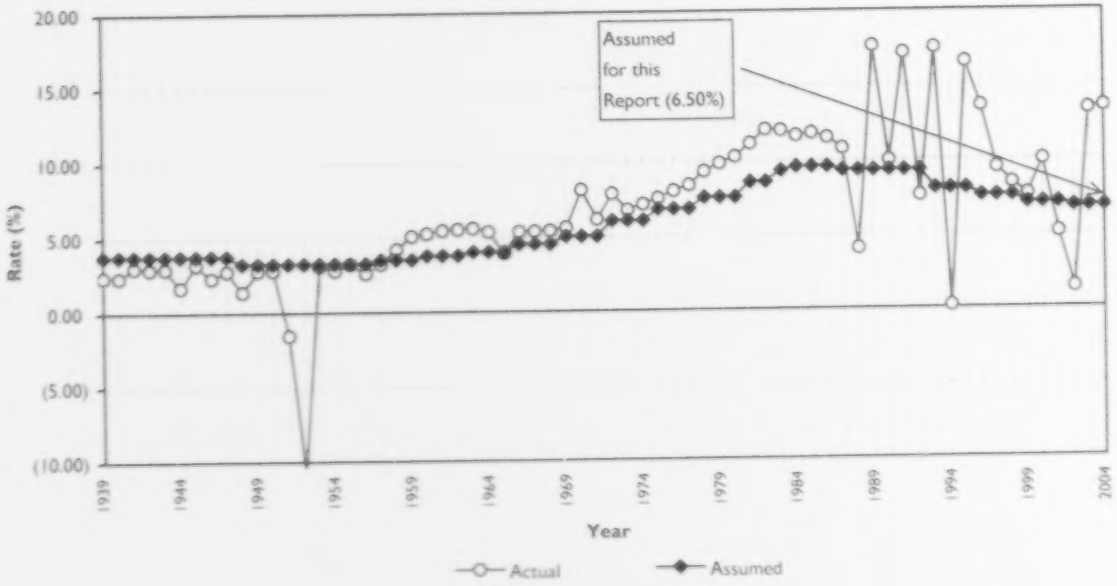
3. Nominal Net Rate of Return

Averaging Period	Years	Nominal Net Rate of Return		
		Actual	Assumed	Spread
1939 - 2004	66	6.59 %	5.82 %	0.77 %
1955 - 2004	50	8.22	6.55	1.67
1965 - 2004	40	9.15	7.28	1.87
1975 - 2004	30	10.17	8.03	2.14
1985 - 2004	20	10.27	8.11	2.16
1995 - 2004	10	9.81	7.18	2.63

NOMINAL NET RATE OF RETURN

ADJUSTED BOOK VALUE: 1939 - 1990 | MARKET VALUE: 1991 - 2004

(reference Table Appendix I - 6)



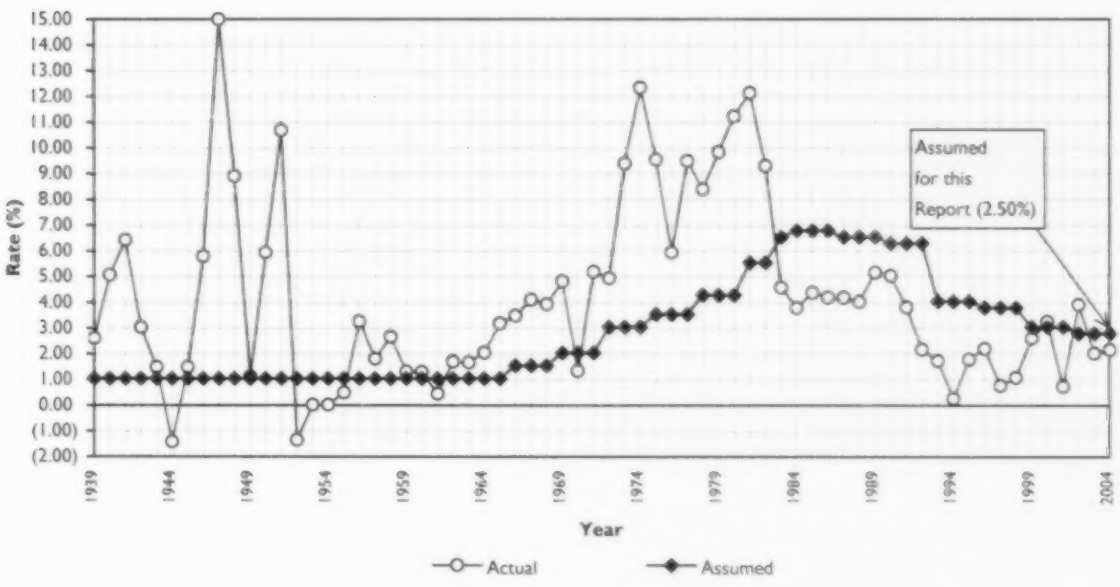
In the recent 10-year period, 1995 to 2004, the actual net return was adversely less than the present 6.50% per year assumed rate, in 2001 and 2002, or 20% of the time.

4. Rate of Inflation

Averaging Period	Rate of Inflation			
	Years	Actual	Assumed	Spread
1939 - 2004	66	4.12 %	2.82 %	1.30 %
1955 - 2004	50	4.15	3.41	0.74
1965 - 2004	40	4.95	4.01	0.94
1975 - 2004	30	4.63	4.66	(0.03)
1985 - 2004	20	2.76	4.61	(1.85)
1995 - 2004	10	2.02	3.25	(1.23)

RATE OF INFLATION

(reference Table Appendix I - 6)



In the recent 10-year period, 1995 to 2004, the actual inflation rate was adversely greater than the present 2.50% per year assumed inflation rate in 3 years, 1999, 2000, and 2002, or 30% of the time. This trend has led to a decrease in this assumption since 1983.

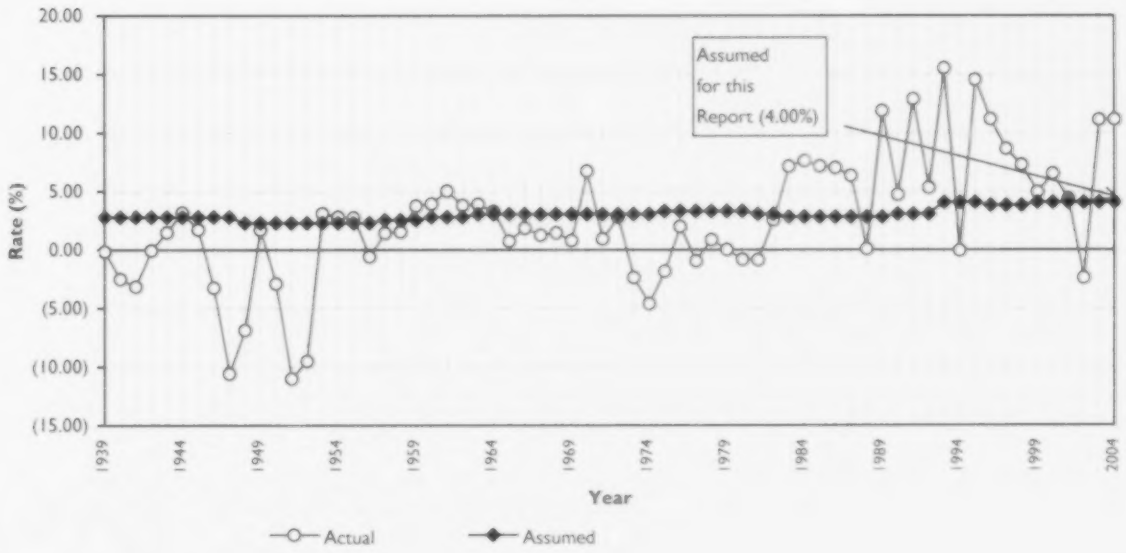
5. Real Rate of Return

Averaging Period	Real Rate of Return			
	Years	Actual	Assumed	Spread
1939 - 2004	66	2.46 %	3.00 %	-0.54 %
1955 - 2004	50	3.98	3.15	0.83
1965 - 2004	40	4.27	3.28	0.99
1975 - 2004	30	5.39	3.37	2.02
1985 - 2004	20	7.34	3.50	3.84
1995 - 2004	10	7.65	3.93	3.72

REAL RATE OF RETURN

ADJUSTED BOOK VALUE: 1939 - 1990 | MARKET VALUE: 1991 - 2004

(reference Table Appendix I - 6)



In the recent 10-year period, 1995 to 2004, the actual real rate was adversely less than the present 4.00% per year assumed real rate in one year, 2002, or 10% of the time. This trend has led to an increase in this assumption since 1989.

1. **Membership Summary** (records processed for liability calculations)

Category	December 31, 2004			December 31, 2001		
	Males	Females	Total	Males	Females	Total
Active Participants	13,992	12,769	26,761	13,258	11,601	24,859
Other Participants						
- Long-Term Disability	55	125	180	60	117	177
- Deferred Annuities	1,190	1,359	2,549	1,201	1,280	2,481
- Transfers (RA & RM)	110	70	180	152	107	259
Pensions in Payment						
- Pensioners	6,974	3,868	10,842	6,312	3,205	9,517
- Survivors	177	2,061	2,238	153	1,828	1,981
Total	22,498	20,252	42,750	21,136	18,138	39,274

	December 31, 2004			December 31, 2001		
	Number	Average Age	Fund Average Monthly Pension	Number	Average Age	Fund Average Monthly Pension
Active Participants	26,761	44.63	$ 444.93	24,859	44.18	$ 416.62
Other Participants	2,909	47.81	238.81	2,917	46.36	242.75
Pensions in Payment	13,080	69.34	580.84	11,498	69.41	526.51
Total	42,750	52.41	$ 472.49	39,274	51.73	$ 435.88

The active participant average monthly pension of $444.93, which is the responsibility of the Fund, has been estimated from salary and service data, and reflects 100% of the monthly pension due to the .2% benefit formula improvement, effective September 1, 2000. The corresponding monthly amount charged to non-matching employers for actives is equal to $362.39.

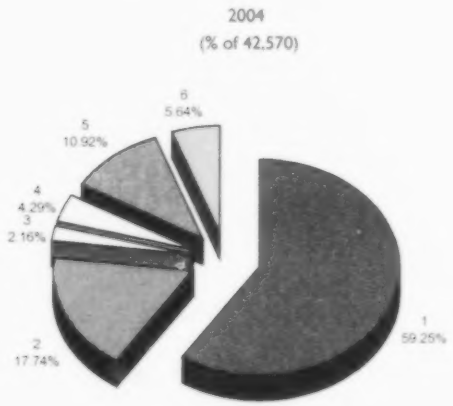
2. Membership Distribution by Employer

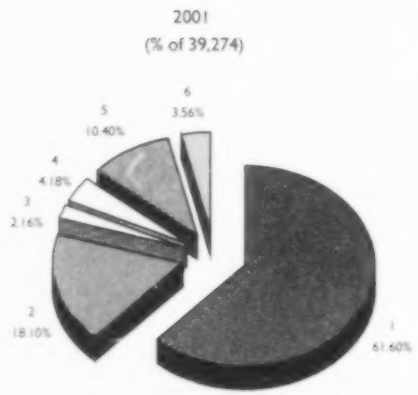
	Code	Active Participants	Other Participants	Pensions in Payment	2004 Total	2001 Total
Non-Matching Employers						
1. Province of Manitoba Civil Service	CS	14,421	1,973	8,830	25,224	24,192
2. Manitoba Hydro - Electric Board	MH	5,182	197	2,173	7,552	7,109
3. Liquor Control Commission	LC	548	48	322	918	850
4. Manitoba Public Insurance Corporation	AI/AIE	1,411	109	307	1,827	1,640
5. Division of Driver and Vehicle Licencing	AIL	279	-	-	279	-
6. Addictions Foundation of Manitoba	AF	252	25	105	382	352
7. Communities Economic Development Fund	CE	17	3	7	27	29
8. Assiniboine Community College	ACC	299	25	54	378	321
9. University College of The North	KCC	237	23	34	294	253
10. Red River College	RCC	1,046	60	260	1,366	1,167
11. Manitoba Agricultural Credit Corporation	AC	64	10	31	105	100
12. Manitoba Centennial Centre Corporation	CC	56	7	61	124	124
13. Manitoba Horse Racing Commission	RC	5	1	3	9	8
14. Regional Health Authority - Assiniboine	ARH	107	-	8	115	-
15. Regional Health Authority - Brandon	RBH	266	6	54	326	332
16. Regional Health Authority - Burntwood	RBW	17	5	1	23	36
17. Regional Health Authority - Central	RCA	122	2	25	149	158
18. Regional Health Authority - Interlake	RIL	85	4	18	107	109
19. Regional Health Authority - Marquette	RMQ	-	1	8	9	65
20. Regional Health Authority - North Eastman	RNE	31	-	8	39	40
21. Regional Health Authority - Nor-Man (Flin Flon)	RNF	-	-	1	1	2
22. Regional Health Authority - Norman (The Pas)	RNM	33	5	2	40	44
23. Regional Health Authority - Parklands	RPL	91	5	17	113	119
24. Regional Health Authority - South Eastman	RSE	31	1	7	39	39
25. Regional Health Authority - South Westman	RSW	-	2	3	5	70
26. Regional Health Authority - Winnipeg	RWA	249	12	60	321	348
27. Teachers' Retirement Allowance Fund Board	TR	32	8	6	46	45
28. The Council for Post-Secondary Education	UG	10	1	10	21	22
29. The Legal Aid Services Society of Manitoba	LA	121	13	10	144	149
30. Money Purchase Plan Annuity	MPP	-	-	89	89	54
31. Workers' Compensation Board	WC	-	-	2	2	3
32. WECO	WEC	-	-	86	86	95
33. Manitoba Floodway Authority	MFA	9	-	-	9	-
		25,021	2,546	12,602	40,169	37,875
Matching Employers						
1. Civil Service Superannuation Board	SB	51	7	12	70	60
2. Crown Corporations Council	CR	5	1	3	9	9
3. Economic Innovation and Technology Council	MR	-	39	20	59	63
4. Gaming Control Commission	GC	11	-	6	17	16
5. Industrial Technology Centre	IT	23	7	5	35	37
6. Manitoba Arts Council	MA	7	1	2	10	8
7. Manitoba Chicken Producers	CB	5	-	-	5	4
8. Manitoba Crop Insurance Corporation	CI/CIC	239	29	147	415	386
9. Manitoba Government Employees' Union	EA	63	6	19	88	72
10. Manitoba Hazardous Waste Management Corporation	HW	1	1	1	3	3
11. Manitoba Housing Authority	HA	298	42	150	490	462
12. Manitoba Lotteries Corporation	LF	935	13	31	979	72
13. Dairy Farmers of Manitoba	MC	22	4	12	38	33
14. Manitoba Pork Council	PC	15	-	1	16	14
15. Manitoba Pork Marketing	HM	22	5	16	43	40
16. Manitoba Turkey Producers' Marketing Board	TB	3	3	2	8	8
17. Manitoba Water Services Board	WS	-	3	14	17	19
18. National Agri-food Technology Centre	FD	19	3	2	24	24
19. Human Resources and Employment Centre	R's	-	10	15	25	25
20. Sport Manitoba	SM *	5	1	1	7	8
21. Venture Manitoba Tours Ltd.	VT *	7	-	2	9	9
22. Manitoba Beef Commission	BC	-	-	1	1	1
23. Local Government Districts	LG	-	-	2	2	2
24. Manitoba Mineral Resources Limited	MM	-	-	1	1	1
25. Manitoba Development Corporation	DFP	-	2	10	12	12
26. Manitoba Data Services	DS	-	6	3	9	11
27. Manitoba Film & Sound	MFS	9	-	-	9	-
		1,740	183	478	2,401	1,399
		26,761	2,729 **	13,080	42,570 **	39,274

* Grouped with CS in Actuarial Report.

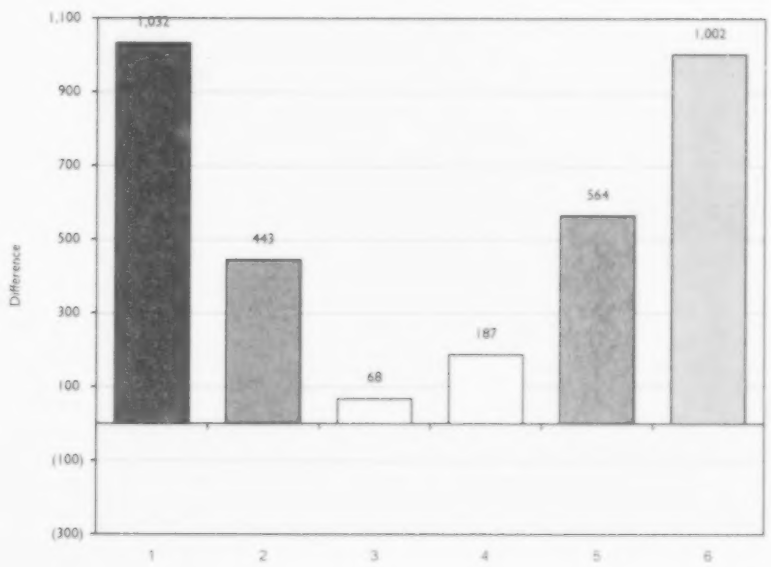
** Excludes LTD records which are not a responsibility of the Fund.

Employer Name	2004		2001	
1. Province of Manitoba Civil Service: CS	25,224	59.25%	24,192	61.60%
2. Manitoba Hydro - Electric Board: MH	7,552	17.74%	7,109	18.10%
3. Liquor Control Commission: LC	918	2.16%	850	2.16%
4. Manitoba Public Insurance Corporation: AI	1,827	4.29%	1,640	4.18%
5. Other Non-Matching Employers	4,648	10.92%	4,084	10.40%
6. All Matching Employers	2,401	5.64%	1,399	3.56%
	42,570	100.00%	39,274	100.00%





Membership Distribution Increase/(Decrease)



3. Membership Distribution by Age

- 2004 Active Participants

	Males				Females			
Age Band	Number	Average Years of Service	Average Annualized Salary	Average Actual (T4) Salary	Number	Average Years of Service	Average Annualized Salary	Average Actual (T4) Salary
15 - 19	12	0.43	$ 26,967	$ 10,662	5	0.28	$ 30,419	$ 9,147
20 - 24	345	1.26	32,849	20,824	256	1.14	30,997	18,458
25 - 29	865	2.58	38,888	30,895	820	2.20	37,387	26,649
30 - 34	1,252	4.18	45,640	38,602	1,187	3.46	42,134	30,709
35 - 39	1,628	7.33	50,245	43,749	1,572	6.31	43,568	35,019
40 - 44	2,144	11.46	51,910	47,878	2,332	9.54	44,695	38,942
45 - 49	2,406	14.78	53,190	49,123	2,469	13.14	45,901	42,345
50 - 54	2,646	19.73	56,423	53,671	2,307	15.40	47,694	43,601
55 - 59	1,959	21.09	58,213	55,307	1,382	15.65	46,042	42,585
60 - 64	631	20.09	57,115	50,619	378	14.84	44,265	39,039
≥ 65	104	16.03	49,308	41,198	61	14.96	41,214	36,031
Total/Average	13,992	13.42	$ 52,030	$ 47,242	12,769	10.53	$ 44,460	$ 38,365

The responsibility of the Fund for the liabilities of active participants is described on page 10 of this Appendix. Generally, 100% of the matching employers' and 50% of the non-matching employers' liability for actives is the responsibility of the Fund. However, 100% of the .2% benefit formula improvement, effective September 1, 2000, is charged to the Fund.

Annualized Salary	Males	Females	Total
< $ 10,000	-	1	1
< 20,000	66	369	435
< 30,000	1,193	1,384	2,577
< 40,000	2,737	3,977	6,714
< 50,000	2,964	3,141	6,105
< 60,000	3,165	2,142	5,307
< 70,000	2,035	1,087	3,122
< 80,000	827	373	1,200
< 90,000	466	136	602
< 100,000	249	62	311
≥ 100,000	290	97	387
	13,992	12,769	26,761

Full-Time Status	Males	Females	Total
< 0.2000	650	837	1,487
< 0.4000	933	910	1,843
< 0.6000	519	1,149	1,668
< 0.8000	452	721	1,173
≥ 0.8000	849	1,212	2,061
1.0000	10,589	7,940	18,529
	13,992	12,769	26,761

For this Report, each active participant at the valuation date is assumed to accrue service on the basis of full-time employment. This will likely result in a cautious assessment of the current service cost.

- 2004 Long-Term Disability (LTD)

	Males			Females		
Age Band	Number	Average Years of Service	Average Annualized Salary	Number	Average Years of Service	Average Annualized Salary
30 - 34	-	-	$ -	-	-	$ -
35 - 39	1	6.58	24,638	-	-	-
40 - 44	4	3.92	35,282	7	4.61	30,964
45 - 49	9	4.57	36,024	29	4.93	38,398
50 - 54	26	5.24	36,091	52	6.38	37,496
55 - 59	15	5.19	35,470	37	4.66	36,329
60 - 64	-	-	-	-	-	-
Total/Average	55	5.05	$ 35,644	125	5.44	$ 36,994

The LTD recipients who will receive an enhanced disability benefit (not a responsibility of the Fund) on cessation of LTD income are also reflected in the number of pensions in payment (a portion of which is the liability of the Fund).

- 2004 Deferred Annuities (DA)

		Average Monthly Pension		
Age Band	Number	Fund	Employer	Total
20 - 24	3	$ 39.52	$ 28.03	$ 67.55
25 - 29	34	41.29	32.37	73.66
30 - 34	111	75.80	60.65	136.45
35 - 39	242	123.97	85.53	209.50
40 - 44	476	176.90	128.30	305.20
45 - 49	616	235.29	173.63	408.92
50 - 54	652	355.15	250.89	606.04
55 - 59	267	257.51	193.60	451.11
60 - 64	136	171.33	131.08	302.41
65 - 69	12	126.79	60.08	186.87
Total/Average	2,549	$ 233.12	$ 168.87	$ 401.99

- 2004 Transfers - Deferred Annuities (RM)

Age Band	Number	Average Monthly Pension		
		Fund	Employer	Total
25 - 29	-	$ -	$ -	$ -
30 - 34	1	87.93	78.21	166.14
35 - 39	13	131.22	113.22	244.44
40 - 44	31	176.73	145.29	322.02
45 - 49	45	306.79	265.32	572.11
50 - 54	43	438.63	318.68	757.31
55 - 59	31	279.94	235.85	515.79
60 - 64	13	586.83	520.09	1,106.92
≥ 65	1	765.26	687.83	1,453.09
Total/Average	178	$ 320.29	$ 260.99	$ 581.28

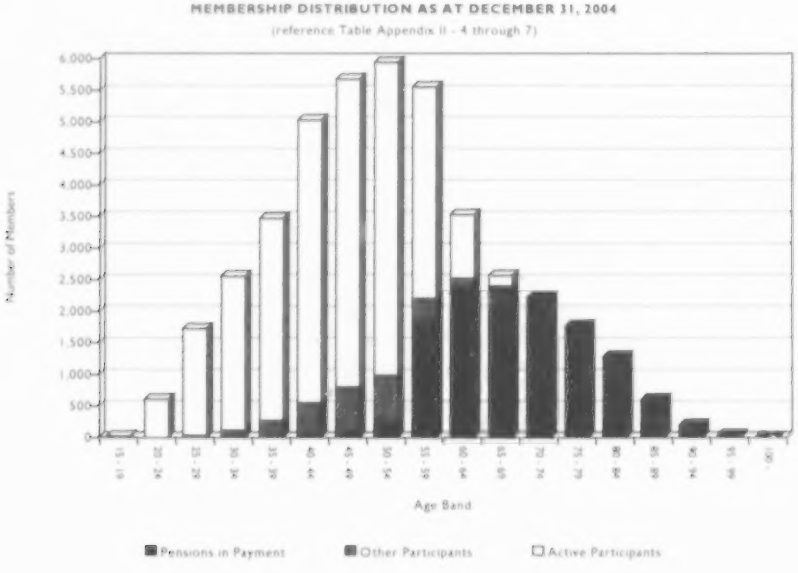
- 2004 Transfers Pending (RA)

Age Band	Number	Average Transfer Amount		
		Fund	Employer	Total
15 - 19	-	$ -	$ -	$ -
20 - 24	-	-	-	-
25 - 29	-	-	-	-
30 - 34	-	-	-	-
35 - 39	-	-	-	-
40 - 44	1	7,214.84	7,214.84	14,429.68
45 - 49	1	24,725.01	24,725.01	49,450.02
50 - 54	-	-	-	-
55 - 59	-	-	-	-
≥ 60	-	-	-	-
Total/Average	2	$ 15,969.93	$ 15,969.93	$ 31,939.86

- 2004 Pensions in Payment

		Average Monthly Pension				
		Base Pension		Indexing		
Age Band	Number	Fund	Employer	Account	Employer	Total
30 - 34	-	$ -	$ -	$ -	$ -	$ -
35 - 39	12	148.00	125.47	9.45	8.12	291.04
40 - 44	33	243.90	213.72	17.43	16.19	491.24
45 - 49	100	297.97	239.94	17.55	15.20	570.66
50 - 54	213	365.58	410.42	21.07	20.02	817.09
55 - 59	1,857	867.96	725.24	21.54	18.42	1,633.16
60 - 64	2,371	784.07	656.89	50.85	43.92	1,535.73
65 - 69	2,387	603.29	496.66	71.83	64.44	1,236.22
70 - 74	2,221	520.60	441.16	99.52	91.86	1,153.14
75 - 79	1,772	430.40	365.18	125.01	116.06	1,036.65
80 - 84	1,280	355.53	316.85	154.36	148.04	974.78
85 - 89	599	251.33	236.12	156.61	151.62	795.68
90 - 94	197	198.48	191.56	181.48	173.31	744.83
95 - 99	37	143.59	159.96	159.03	159.34	621.92
100 - 104	1	72.89	124.99	151.49	151.26	500.63
105 - 109	-	-	-	-	-	-
Total/Average	13,080	$ 580.84	$ 491.40	$ 85.22	$ 78.65	$ 1,236.11

The above annual pensioner payroll equal to $194,020,000 (= 13,080 x $1,236.11 x 12) obtained from electronic membership records provided, and used to calculate the liabilities, is larger than the total pension payment during 2004, shown in Exhibit B of the 2004 Audited Financial Statements, equal to $181,004,000. This is largely due to the effect of retirements throughout 2004 and the cost-of-living adjustment effective July 1, 2004.

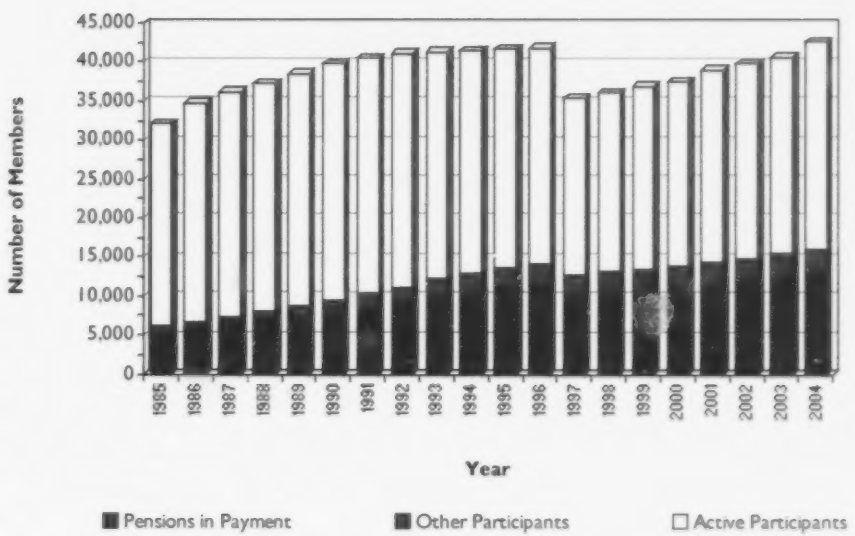


4. **Membership Distribution by Year** (extracted from General Manager's Report)

	Participants			Pensions in Payment				
Year	Actives	DA, RM, RA, LTD	Total	Pensioners	Beneficiaries	Spouses	Total	Grand Total
1985	26,027	454	26,481	4,830	456	355	5,641	32,122
1986	28,182	568	28,750	5,191	489	370	6,050	34,800
1987	28,832	794	29,626	5,614	529	398	6,541	36,167
1988	29,107	1,153	30,260	6,003	597	423	7,023	37,283
1989	29,665	1,370	31,035	6,368	663	444	7,475	38,510
1990	30,350	1,562	31,912	6,670	719	482	7,871	39,783
1991	30,106	1,864	31,970	7,254	798	514	8,566	40,536
1992	29,921	2,058	31,979	7,739	870	545	9,154	41,133
1993	29,209	2,344	31,553	8,356	930	542	9,828	41,381
1994	28,544	2,608	31,152	8,679	1,031	558	10,268	41,420
1995	27,952	2,885	30,837	9,165	1,113	591	10,869	41,706
1996	27,629	2,705	30,334	9,690	1,188	604	11,482	41,816
1997	22,658	2,774	25,432	8,308	1,060	528	9,896	35,328
1998	22,980	2,842	25,822	8,573	1,160	533	10,266	36,088
1999	23,350	2,827	26,177	8,883	1,279	535	10,697	36,874
2000	23,575	2,933	26,508	9,096	1,313	590	10,999	37,507
2001	24,640	2,961	27,601	9,446	1,438	549	11,433	39,034
2002	24,885	2,982	27,867	9,874	1,509	542	11,925	39,792
2003	25,136	2,996	28,132	10,322	1,587	545	12,454	40,586
2004	26,659	2,952	29,611	10,772	1,674	553	12,999	42,610 *

* The actual membership processed for liability calculations exceeded 42,610 by 140 (= 42,750 – 42,610) due to separations in 2004 which were not yet processed or paid out at year-end 2004.

HISTORICAL MEMBERSHIP DISTRIBUTION



5. Participant and Pensioner Reconciliation

- Participant Reconciliation (extracted from General Manager's Report)

Year	Jan. 1	Entered *	Withdrew	Retired	Disabled	Died	Dec. 31	
1985	25,673	2,271	(908)	(468)	(28)	(59)	26,481	
1986	26,481	3,857	(1,028)	(489)	(29)	(42)	28,750	
1987	28,750	2,787	(1,272)	(541)	(52)	(46)	29,626	
1988	29,626	2,655	(1,387)	(536)	(52)	(46)	30,260	
1989	30,260	2,710	(1,307)	(528)	(49)	(51)	31,035	
1990	31,035	2,718	(1,273)	(470)	(50)	(48)	31,912	
1991	31,912	2,311	(1,389)	(768)	(42)	(54)	31,970	
1992	31,970	1,844	(1,125)	(640)	(31)	(39)	31,979	
1993	31,979	1,739	(1,296)	(808)	(31)	(30)	31,553	
1994	31,553	1,438	(1,189)	(575)	(32)	(43)	31,152	
1995	31,152	1,675	(1,324)	(569)	(30)	(67)	30,837	
1996	30,837	2,353	(1,992)	(763)	(54)	(47)	30,334	
1997	30,334	(3,272)	(1,082)	(478)	(41)	(29)	25,432	
1998	25,432	2,155	(1,182)	(494)	(47)	(42)	25,822	
1999	25,822	2,040	(991)	(585)	(52)	(57)	26,177	
2000	26,177	2,024	(1,105)	(505)	(48)	(35)	26,508	
2001	26,508	2,803	(1,017)	(598)	(35)	(60)	27,601	
2002	27,601	2,068	(1,016)	(683)	(56)	(47)	27,867	
2003	27,867	1,993	(909)	(710)	(68)	(41)	28,132	
2004	28,132	3,196	(858)	(751)	(60)	(48)	29,611	**
		41,365	(23,650)	(11,959)	(887)	(931)		

- Pensioner (excludes survivors) Reconciliation (extracted from General Manager's Report)

Year	Jan. 1	Other*	Retired	Disabled	Died	Dec. 31	
1985	4,519	-	468	28	(185)	4,830	
1986	4,830	1	489	29	(158)	5,191	
1987	5,191	-	541	52	(170)	5,614	
1988	5,614	(6)	536	52	(193)	6,003	
1989	6,003	(9)	528	49	(203)	6,368	
1990	6,368	(18)	470	50	(200)	6,670	
1991	6,670	5	768	42	(231)	7,254	
1992	7,254	34	640	31	(220)	7,739	
1993	7,739	12	808	31	(234)	8,356	
1994	8,356	-	575	32	(284)	8,679	
1995	8,679	142	569	30	(255)	9,165	
1996	9,165	-	763	54	(292)	9,690	
1997	9,690	(1,649)	478	41	(252)	8,308	
1998	8,308	16	494	47	(292)	8,573	
1999	8,573	-	585	52	(327)	8,883	
2000	8,883	(20)	505	48	(320)	9,096	
2001	9,096	(1)	598	35	(282)	9,446	
2002	9,446	(8)	683	56	(303)	9,874	
2003	9,874	(24)	710	68	(306)	10,322	
2004	10,322	(24)	751	60	(337)	10,772	**
		(1,549)	11,959	887	(5,044)		

* This category reflects other adjustments. For example, in 1997, this category reflects the privatization of MTS.

** The actual number of participants processed for liability calculations exceeded 29,611 by 59 (= 29,670 – 29,611) separations in 2004 which were not yet processed or paid out at year-end 2004. The actual number of retirements processed for liability calculations exceeded 10,772 by 79 (= 10,851 – 10,772) retirements processed early in 2005.

6. Funding Methodology

A summary of the benefits as at the valuation date is provided in Appendix III.

The Fund consists of the accumulation of those contributions and other payments that were made during the period of employment of the present members. This accumulation will be used to finance a portion or all of the benefits which these members have been promised under the Act. The portion of the benefits so financed includes:

- 100% of the pensions and other benefits to be paid to employees for service if employed by an employer who matched the contributions made by employees,
- 50% of the pensions to be paid to those employees who are employed by an employer who is not matching employee contributions,
- 50% of the commuted value of pensions or benefits generated as a result of service on or after January 1, 1985,
- 100% of the value of the excess contributions paid by employees as a result of service on or after January 1, 1985,
- cash settlements paid on termination of service (refunds of employee contributions plus interest),
- cash settlements paid on death before retirement (employee contributions),
- the value of employee contributions transferred under reciprocal agreements,
- a specified portion of each pension currently being paid, excluding that part of the pension which is charged to the Account, plus
- notwithstanding the above cost sharing, the Fund is responsible for 100% of the .2% benefit formula improvement, which was effective September 1, 2000.

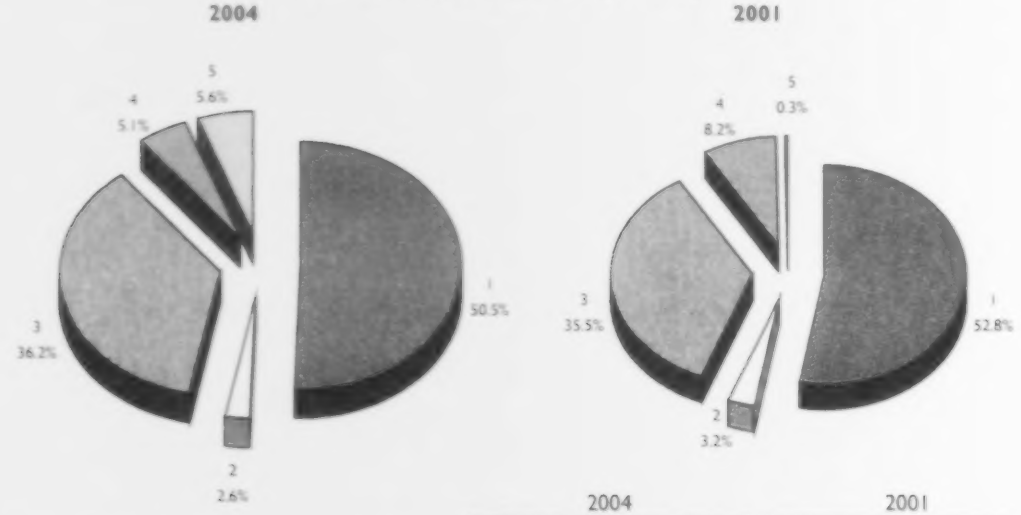
The remainder of the benefits is financed by the Province and its Agencies on a pay-as-you-go-basis (non-matching) or is withdrawn out of amounts set aside in accounts established within the Fund for this purpose. This actuarial valuation relates to the benefits which accrued during employment and the assets and contributions available to finance these benefits. The portion of the benefits to be financed by the Province and its Agencies by payments to the Fund is not considered to be a liability of the Fund.

Pursuant to CSSA subsection 22(11), employer funding for employees of more than one non-matching Agency shall be on a pro rata basis in accordance with the portion of the amount paid or transferred to the employee in respect of which no employer matching contributions were made effective for events on or after January 1, 1998.

The following pages detail the distribution of the Fund responsibilities or liabilities by employer.

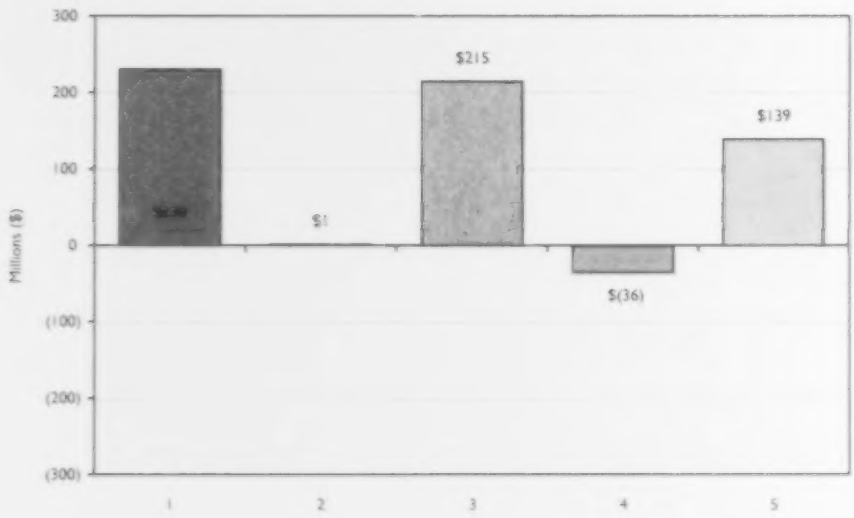
7. Fund Liability Distribution by Participant

Fund Liability Distribution by Participant



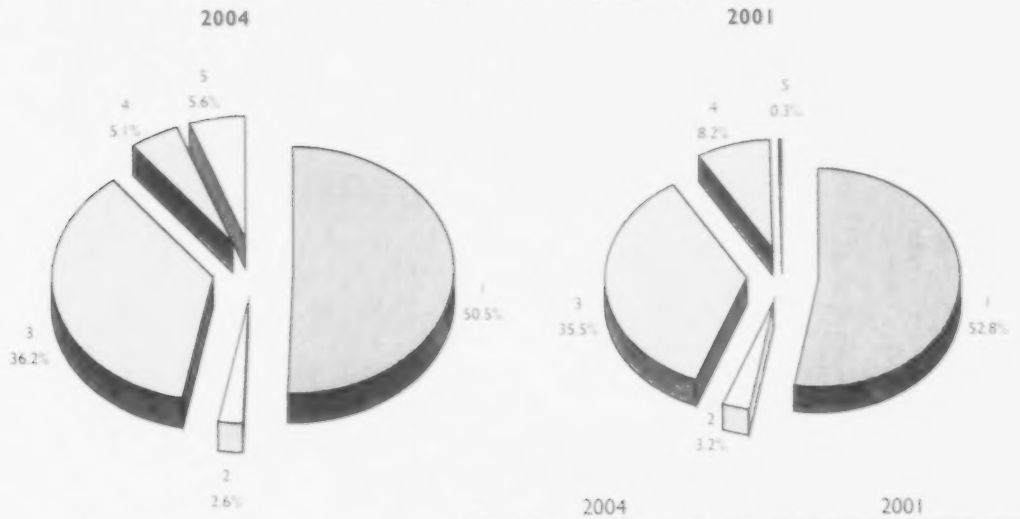
		2004		2001	
1.	Active Participants	$ 1,311,656,000	50.5%	$ 1,081,357,000	52.8%
2.	Other Participants	66,242,000	2.6%	65,386,000	3.2%
3.	Pensions in Payment	941,972,000	36.2%	727,407,000	35.5%
4.	Provisions	132,666,000	5.1%	168,424,000	8.2%
5.	Going Concern Basic Surplus	145,068,000	5.6%	6,230,000	0.3%
		$ 2,597,604,000	100.0%	$ 2,048,804,000	100.0%

Fund Liability Increase/(Decrease)



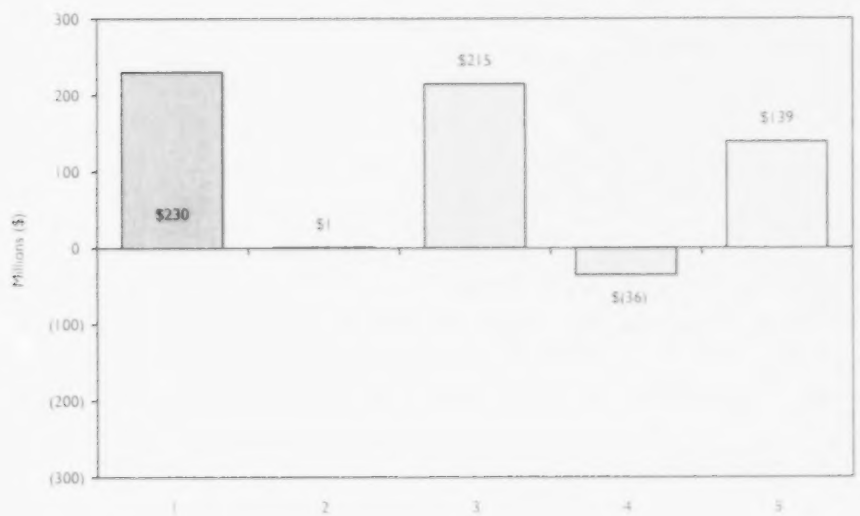
7. Fund Liability Distribution by Participant

Fund Liability Distribution by Participant



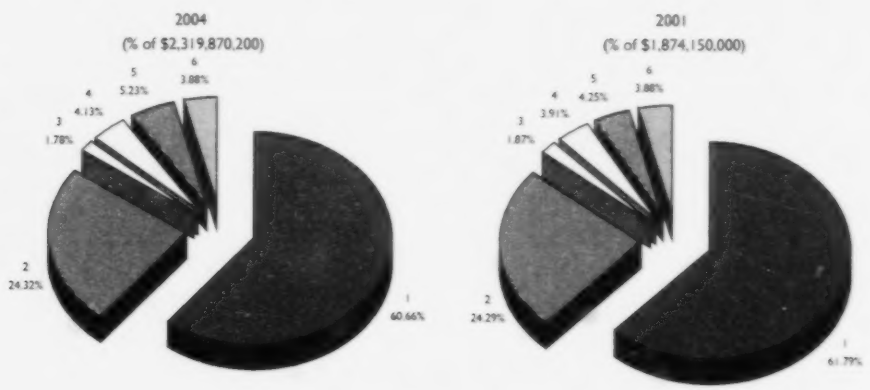
		2004		2001	
1.	Active Participants	$ 1,311,656,000	50.5%	$ 1,081,357,000	52.8%
2.	Other Participants	66,242,000	2.6%	65,386,000	3.2%
3.	Pensions in Payment	941,972,000	36.2%	727,407,000	35.5%
4.	Provisions	132,666,000	5.1%	168,424,000	8.2%
5.	Going Concern Basic Surplus	145,068,000	5.6%	6,230,000	0.3%
		$ 2,597,604,000	100.0%	$ 2,048,804,000	100.0%

Fund Liability Increase/(Decrease)

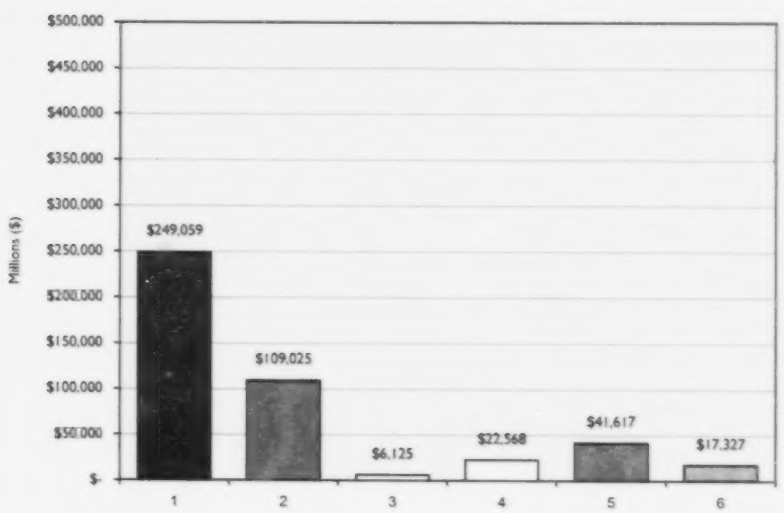


8. Fund Liability Distribution by Employer

Employer Name	2004		2001	
1. Province of Manitoba Civil Service: CS	$ 1,407,138,900	60.66%	$ 1,158,080,200	61.79%
2. Manitoba Hydro - Electric Board: MH	564,223,200	24.32%	455,198,600	24.29%
3. Liquor Control Commission: LC	41,187,500	1.78%	35,063,000	1.87%
4. Manitoba Public Insurance Corporation: AI	95,894,900	4.13%	73,326,800	3.91%
5. Other Non-Matching Employers	121,352,800	5.23%	79,735,800	4.25%
6. All Matching Employers	90,072,900	3.88%	72,745,600	3.88%
	$ 2,319,870,200	100.00%	$ 1,874,150,000	100.00%



Fund Liability Increase/(Decrease)



9. Fund Liability Summary

	Code		Active Participants	Other Participants	Pensions in Payment	2004 Total	2001 Total
Non-Matching Employers							
1. Province of Manitoba Civil Service	CS		$ 757,431,800	$ 43,659,200	$ 606,047,900	$ 1,407,138,900	$ 1,158,080,200
2. Manitoba Hydro - Electric Board	MH		329,600,800	5,710,900	228,911,500	564,223,200	455,198,600
3. Liquor Control Commission	LC		20,716,300	665,400	19,805,800	41,187,500	35,063,000
4. Manitoba Public Insurance Corporation	AI/AIE		69,708,700	2,806,400	23,379,800	95,894,900	73,326,800
5. Division of Driver and Vehicle Licencing	AIL		265,400	-	-	265,400	-
6. Addictions Foundation of Manitoba	AF		8,264,100	369,500	5,660,400	14,294,000	11,106,500
7. Communities Economic Development Fund	CE		809,900	127,000	284,900	1,221,800	980,600
8. Assiniboine Community College	ACC		6,868,600	503,100	1,999,700	9,371,400	6,138,300
9. University College of The North	KCC		6,412,500	337,200	1,244,000	7,993,700	5,177,200
10. Red River College	RCC		27,105,300	1,188,900	8,804,800	37,099,000	24,038,300
11. Manitoba Agricultural Credit Corporation	AC		2,785,000	264,000	2,114,000	5,163,000	4,149,900
12. Manitoba Centennial Centre Corporation	CC		2,086,900	79,500	2,415,700	4,582,100	4,164,800
13. Manitoba Horse Racing Commission	RC		52,100	19,600	183,400	255,100	168,200
14. Regional Health Authority - Assiniboine	ARH		744,000	-	33,600	777,600	-
15. Regional Health Authority - Brandon	RBH		5,100,100	295,000	914,800	6,309,900	2,865,500
16. Regional Health Authority - Burntwood	RBW		333,000	144,000	11,500	488,500	324,800
17. Regional Health Authority - Central	RCA		2,250,600	62,700	429,500	2,742,800	1,213,300
18. Regional Health Authority - Interlake	RIL		1,876,200	181,700	257,300	2,315,200	1,038,000
19. Regional Health Authority - Marquette	RMQ		680,100	21,700	172,400	874,200	652,300
20. Regional Health Authority - North Eastman	RNE		684,200	-	97,300	781,500	316,300
21. Regional Health Authority - Nor-Man (Flin Flon)	RNF		92,400	-	5,600	98,000	75,100
22. Regional Health Authority - Norman (The Pas)	RNM		653,000	86,700	9,600	749,300	338,400
23. Regional Health Authority - Parklands	RPL		1,992,300	103,100	266,700	2,362,100	1,048,100
24. Regional Health Authority - South Eastman	RSE		753,600	9,400	135,400	898,400	434,300
25. Regional Health Authority - South Westman	RSW		822,900	62,200	60,600	945,700	558,000
26. Regional Health Authority - Winnipeg	RWA		5,363,100	117,600	845,400	6,326,100	3,219,200
27. Teachers' Retirement Allowance Fund Board	TR		1,209,200	106,300	733,800	2,049,300	1,623,900
28. The Council for Post-Secondary Education	UG		245,100	87,400	446,200	778,700	738,300
29. The Legal Aid Services Society of Manitoba	LA		7,325,300	278,000	927,600	8,530,900	6,219,600
30. Money Purchase Plan Annuity	MPP		-	-	2,621,200	2,621,200	1,372,800
31. Workers' Compensation Board	WC		-	-	85,600	85,600	186,600
32. WECO	WEC		-	-	1,338,800	1,338,800	1,587,500
33. Manitoba Floodway Authority	MFA		33,500	-	-	33,500	-
			$ 1,262,266,000	$ 57,286,500	$ 910,244,800	$ 2,229,797,300	$ 1,801,404,400
Matching Employers							
1. Civil Service Superannuation Board	SB		$ 4,365,900	$ 514,100	$ 1,267,300	$ 6,147,300	$ 4,593,800
2. Crown Corporations Council	CR		733,700	16,900	445,500	1,196,100	1,057,200
3. Economic Innovation and Technology Council	MR		764,500	2,736,500	2,203,700	5,704,700	5,903,400
4. Gaming Control Commission	GC		605,600	-	204,100	809,700	424,200
5. Industrial Technology Centre	IT		824,400	757,100	240,700	1,822,200	1,192,100
6. Manitoba Arts Council	MA		325,700	12,900	131,000	469,600	341,500
7. Manitoba Chicken Producers	CB		218,700	-	-	218,700	110,500
8. Manitoba Crop Insurance Corporation	CI/CIC		10,576,400	770,300	6,782,900	18,129,600	14,618,500
9. Manitoba Government Employees' Union	EA		6,867,100	730,400	2,990,600	10,588,100	8,591,200
10. Manitoba Hazardous Waste Management Corporation	HW		199,600	195,200	114,100	508,900	371,000
11. Manitoba Housing Authority	HA		12,277,600	1,019,800	6,495,600	19,793,000	15,219,500
12. Manitoba Lotteries Corporation	LF		6,030,100	1,285,900	3,087,100	10,403,100	7,879,400
13. Dairy Farmers of Manitoba	MC		1,411,100	78,600	1,608,900	3,098,600	2,741,800
14. Manitoba Pork Council	PC		361,300	-	-	361,300	422,200
15. Manitoba Pork Marketing	HM		1,564,300	32,100	2,348,600	3,945,000	2,993,200
16. Manitoba Turkey Producers' Marketing Board	TB		196,100	150,000	214,200	560,300	506,400
17. Manitoba Water Services Board	WS		-	139,400	449,000	588,400	690,600
18. National Agri-food Technology Centre	FD		536,700	50,200	70,200	657,100	532,700
19. Human Resources and Employment Centres	R's		973,300	181,400	1,346,700	2,501,400	2,148,800
20. Sport Manitoba	SM	*	301,700	35,300	41,600	378,600	222,700
21. Venture Manitoba Tours Ltd.	VT	*	138,900	-	18,400	157,300	91,600
22. Manitoba Beef Commission	BC		79,000	-	326,700	405,700	365,800
23. Local Government Districts	LG		-	-	167,100	167,100	189,000
24. Manitoba Mineral Resources Limited	MM		-	-	25,300	25,300	40,800
25. Manitoba Development Corporation	DFP		7,800	47,100	701,100	756,000	766,800
26. Manitoba Data Services	DS		-	202,300	446,800	649,100	730,900
27. Manitoba Film & Sound	MFS		30,700	-	-	30,700	-
			$ 49,390,200	$ 8,955,500	$ 31,727,200	$ 90,072,900	$ 72,745,600
			$ 1,311,656,200	$ 66,242,000	$ 941,972,000	$ 2,319,870,200	$ 1,874,150,000

* Grouped with CS in the Annual Report.

2004 Summary of Other Fund Liabilities (Additional Detail)

	Code	DA	RM	RA	Total
Non-Matching Employers					
1. Province of Manitoba Civil Service	CS	$ 37,090,600	$ 6,543,800	$ 24,800	$ 43,659,200
2. Manitoba Hydro - Electric Board	MH	5,275,200	435,700	-	5,710,900
3. Liquor Control Commission	LC	657,300	900	7,200	665,400
4. Manitoba Public Insurance Corporation	AI/AIE	2,786,100	20,300	-	2,806,400
5. Division of Driver and Vehicle Licencing	AIL	-	-	-	-
6. Addictions Foundation of Manitoba	AF	369,500	-	-	369,500
7. Communities Economic Development Fund	CE	127,000	-	-	127,000
8. Assiniboine Community College	ACC	476,800	26,300	-	503,100
9. University College of The North	KCC	337,200	-	-	337,200
10. Red River College	RCC	1,161,700	27,200	-	1,188,900
11. Manitoba Agricultural Credit Corporation	AC	264,000	-	-	264,000
12. Manitoba Centennial Centre Corporation	CC	79,500	-	-	79,500
13. Manitoba Horse Racing Commission	RC	19,600	-	-	19,600
14. Regional Health Authority - Assiniboine	ARH	-	-	-	-
15. Regional Health Authority - Brandon	RBH	295,000	-	-	295,000
16. Regional Health Authority - Burntwood	RBW	144,000	-	-	144,000
17. Regional Health Authority - Central	RCA	62,700	-	-	62,700
18. Regional Health Authority - Interlake	RIL	181,700	-	-	181,700
19. Regional Health Authority - Marquette	RMQ	21,700	-	-	21,700
20. Regional Health Authority - North Eastman	RNE	-	-	-	-
21. Regional Health Authority - Nor-Man (Flin Flon)	RNF	-	-	-	-
22. Regional Health Authority - Norman (The Pas)	RNM	86,700	-	-	86,700
23. Regional Health Authority - Parklands	RPL	103,100	-	-	103,100
24. Regional Health Authority - South Eastman	RSE	9,400	-	-	9,400
25. Regional Health Authority - South Westman	RSW	62,200	-	-	62,200
26. Regional Health Authority - Winnipeg	RWA	117,600	-	-	117,600
27. Teachers' Retirement Allowance Fund Board	TR	90,400	15,900	-	106,300
28. The Council for Post-Secondary Education	UG	-	87,400	-	87,400
29. The Legal Aid Services Society of Manitoba	LA	278,000	-	-	278,000
30. Money Purchase Plan Annuity	MPP	-	-	-	-
31. Workers' Compensation Board	WC	-	-	-	-
32. WECO	WEC	-	-	-	-
33. Manitoba Floodway Authority	MFA	-	-	-	-
		$ 50,097,000	$ 7,157,500	$ 32,000	$ 57,286,500
Matching Employers					
1. Civil Service Superannuation Board	SB	$ 226,100	$ 288,000	$ -	$ 514,100
2. Crown Corporations Council	CR	-	16,900	-	16,900
3. Economic Innovation and Technology Council	MR	2,597,400	139,100	-	2,736,500
4. Gaming Control Commission	GC	-	-	-	-
5. Industrial Technology Centre	IT	757,100	-	-	757,100
6. Manitoba Arts Council	MA	12,900	-	-	12,900
7. Manitoba Chicken Producers	CB	-	-	-	-
8. Manitoba Crop Insurance Corporation	CI/CIC	770,300	-	-	770,300
9. Manitoba Government Employees' Union	EA	730,400	-	-	730,400
10. Manitoba Hazardous Waste Management Corporation	HW	195,200	-	-	195,200
11. Manitoba Housing Authority	HA	1,019,800	-	-	1,019,800
12. Manitoba Lotteries Corporation	LF	1,285,900	-	-	1,285,900
13. Dairy Farmers of Manitoba	MC	78,600	-	-	78,600
14. Manitoba Pork Council	PC	-	-	-	-
15. Manitoba Pork Marketing	HM	32,100	-	-	32,100
16. Manitoba Turkey Producers' Marketing Board	TB	150,000	-	-	150,000
17. Manitoba Water Services Board	WS	118,100	21,300	-	139,400
18. National Agri-food Technology Centre	FD	50,200	-	-	50,200
19. Human Resources and Employment Centres	R's	143,200	38,200	-	181,400
20. Sport Manitoba	SM *	35,300	-	-	35,300
21. Venture Manitoba Tours Ltd.	VT *	-	-	-	-
22. Manitoba Beef Commission	BC	-	-	-	-
23. Local Government Districts	LG	-	-	-	-
24. Manitoba Mineral Resources Limited	MM	-	-	-	-
25. Manitoba Development Corporation	DFP	47,100	-	-	47,100
26. Manitoba Data Services	DS	202,300	-	-	202,300
27. Manitoba Film & Sound	MFS	-	-	-	-
		$ 8,452,000	$ 503,500	$ -	$ 8,955,500
		$ 58,549,000	$ 7,661,000	$ 32,000	$ 66,242,000

* Grouped with CS in the Annual Report.

- 2004 Summary of Pension in Payment Fund Liabilities (Additional Detail)

	Code		Pensioners	Beneficiary	Total
Non-Matching Employers					
1. Province of Manitoba Civil Service	CS		$ 545,728,900	$ 60,319,000	$ 606,047,900
2. Manitoba Hydro - Electric Board	MH		204,505,900	24,405,600	228,911,500
3. Liquor Control Commission	LC		16,605,000	3,200,800	19,805,800
4. Manitoba Public Insurance Corporation	AI/AIE		21,693,500	1,686,300	23,379,800
5. Division of Driver and Vehicle Licencing	AIL		-	-	-
6. Addictions Foundation of Manitoba	AF		5,113,700	546,700	5,660,400
7. Communities Economic Development Fund	CE		271,000	13,900	284,900
8. Assiniboine Community College	ACC		1,893,300	106,400	1,999,700
9. University College of The North	KCC		1,214,400	29,600	1,244,000
10. Red River College	RCC		8,372,000	432,800	8,804,800
11. Manitoba Agricultural Credit Corporation	AC		1,770,800	343,200	2,114,000
12. Manitoba Centennial Centre Corporation	CC		2,058,700	357,000	2,415,700
13. Manitoba Horse Racing Commission	RC		183,400	-	183,400
14. Regional Health Authority - Assiniboine	ARH		33,600	-	33,600
15. Regional Health Authority - Brandon	RBH		914,800	-	914,800
16. Regional Health Authority - Burntwood	RBW		11,500	-	11,500
17. Regional Health Authority - Central	RCA		428,100	1,400	429,500
18. Regional Health Authority - Interlake	RIL		257,300	-	257,300
19. Regional Health Authority - Marquette	RMQ		172,400	-	172,400
20. Regional Health Authority - North Eastman	RNE		97,300	-	97,300
21. Regional Health Authority - Nor-Man (Flin Flon)	RNF		5,600	-	5,600
22. Regional Health Authority - Norman (The Pas)	RNM		6,100	3,500	9,600
23. Regional Health Authority - Parklands	RPL		266,400	300	266,700
24. Regional Health Authority - South Eastman	RSE		135,400	-	135,400
25. Regional Health Authority - South Westman	RSW		60,600	-	60,600
26. Regional Health Authority - Winnipeg	RWA		845,400	-	845,400
27. Teachers' Retirement Allowance Fund Board	TR		733,800	-	733,800
28. The Council for Post-Secondary Education	UG		398,900	47,300	446,200
29. The Legal Aid Services Society of Manitoba	LA		927,600	-	927,600
30. Money Purchase Plan Annuity	MPP		2,605,100	16,100	2,621,200
31. Workers' Compensation Board	WC		85,600	-	85,600
32. WECO	WEC		421,100	917,700	1,338,800
33. Manitoba Floodway Authority	MFA		-	-	-
			$ 817,817,200	$ 92,427,600	$ 910,244,800
Matching Employers					
1. Civil Service Superannuation Board	SB		$ 1,267,300	$ -	$ 1,267,300
2. Crown Corporations Council	CR		297,000	148,500	445,500
3. Economic Innovation and Technology Council	MR		1,976,900	226,800	2,203,700
4. Gaming Control Commission	GC		204,100	-	204,100
5. Industrial Technology Centre	IT		215,100	25,600	240,700
6. Manitoba Arts Council	MA		131,000	-	131,000
7. Manitoba Chicken Producers	CB		-	-	-
8. Manitoba Crop Insurance Corporation	CI/CIC		6,239,400	543,500	6,782,900
9. Manitoba Government Employees' Union	EA		2,797,200	193,400	2,990,600
10. Manitoba Hazardous Waste Management Corporation	HW		114,100	-	114,100
11. Manitoba Housing Authority	HA		5,694,400	801,200	6,495,600
12. Manitoba Lotteries Corporation	LF		2,835,400	251,700	3,087,100
13. Dairy Farmers of Manitoba	MC		1,346,800	262,100	1,608,900
14. Manitoba Pork Council	PC		-	-	-
15. Manitoba Pork Marketing	HM		2,148,800	199,800	2,348,600
16. Manitoba Turkey Producers' Marketing Board	TB		214,200	-	214,200
17. Manitoba Water Services Board	WS		349,800	99,200	449,000
18. National Agri-food Technology Centre	FD		70,200	-	70,200
19. Human Resources and Employment Centres	R's		1,317,800	28,900	1,346,700
20. Sport Manitoba	SM	*	41,600	-	41,600
21. Venture Manitoba Tours Ltd.	VT	*	18,400	-	18,400
22. Manitoba Beef Commission	BC		326,700	-	326,700
23. Local Government Districts	LG		167,100	-	167,100
24. Manitoba Mineral Resources Limited	MM		25,300	-	25,300
25. Manitoba Development Corporation	DFP		701,100	-	701,100
26. Manitoba Data Services	DS		446,800	-	446,800
27. Manitoba Film & Sound	MFS		-	-	-
			$ 28,946,500	$ 2,780,700	$ 31,727,200
			$ 846,763,700	$ 95,208,300	$ 941,972,000

* Grouped with CS in the Annual Report

10. **Data Certification**: (Source: Staff of the Civil Service Superannuation Board)

- Active Participants: Computer diskettes which provided information for each active participant as at December 31, 2004. Details of the information provided included: employer code, social insurance number, employee number, sex, date of birth, date of entry into the Fund, annualized salary at December 31, 2004, salary rate at December 31, 2004, the proportion of 2004 worked, qualifying service, required employee contributions and total interest on these contributions accumulated to the valuation date. Accumulated contributions and pensionable service were provided separately in respect of service after December 31, 1984. Any reductions in pension as a result of marriage break-up cases, which have been processed, were also provided.

  The file was checked for missing information. This check revealed that there were a number of records that, for various reasons, such as approved leaves of absence, did not contain salary information for 2004. Average salary information for the remaining group was used to complete these records.

- Deferred Annuities (DA): Information was provided for each former employee who was entitled to a deferred pension as at December 31, 2004. Details of the information provided included: employer code, employee identification number, sex, date of birth, age at which pension is expected to commence and amount of pension payable as at the valuation date.

- Transfers to Reciprocating Manitoba Employers (RM): Information was provided for each former employee who has transferred to a Reciprocating Manitoba Employer and, as a result, was entitled to a deferred pension as at December 31, 2004. Details of the information provided included: employer code, employer identification number, sex, date of birth, age at which pension is expected to commence and amount of pension payable as at the valuation date.

- Transfers to Other Reciprocating Employers (RA): Information on the employee contributions with interest for such pending transfers was provided.

- Pensions in Payment: An electronic file which provided information for each pensioner as at December 31, 2004. Details of the information provided included: employer code, name, social insurance number, sex, date of birth, date of commencement of pension, type of pension, and amount of monthly pension. For each pensioner, the portion of the pension charged to the Fund, now and in the future, was also provided. Similar information was provided for each beneficiary or potential beneficiary.

  The pensioner information was provided in a number of separate "trailer" files, which gave details on the pension payable from various sources. One pension in payment record was created for valuation purposes which combined the information from the various pension trailers into one complete record for each pension in payment.

- The General Manager's and Chief Investment Officer's Reports for 2002, 2003, and 2004. These Reports included detailed lists of investments held and financial statements of the Fund, including balance sheets, and income and expenditure statements.

- The Annual Reports of the Superannuation Board for 2002, 2003, and 2004.

- A copy of the Act, with amendments, to December 31, 2004.

- An electronic file containing the billing percentages to be used to allocate payments and liabilities amongst the participating employers pursuant to subsection 22(11) of the Act.

- We had available copies of prior Actuarial Reports on the financial position of the Fund.

- A certification as to the accuracy and completeness of the valuation data was provided by Mr. Robert Covernton, General Manager of the Civil Service Superannuation Board. This certification is included on the following page. In a few categories, minor discrepancies existed between counts obtained from the electronic files provided and the Annual Reports. In such cases, the membership which resulted in the larger liability calculation was used.

DATA CERTIFICATE

with respect to

The Civil Service Superannuation Fund

forming part of

The Actuarial Valuation Report as at December 31, 2004

I hereby certify that, to the best of my knowledge and belief, the data on which the valuation is based is a complete and accurate representation of all persons at the valuation date who are entitled to benefits or will become entitled to benefits under the terms of the Civil Service Superannuation Act (Act). It is appropriate to value the benefits of these persons in accordance with the provisions of the Act at the valuation date.

Signed

Assistant General Manager — June 16/2005

Title — Date

The calculations in this Report are based on the Civil Service Superannuation Act (Act) as amended to the valuation date. The Civil Service Superannuation Board (Board) is responsible for administering the Act. The Fund is a contributory defined benefit final pay pension plan that covers eligible employees of the Province of Manitoba and its participating Agencies. The following is a brief summary of the benefits as they existed at the valuation date. For a more complete description of the benefits, reference should be made to the Act.

- Effective Date:

  The Board and Fund were established under the Act in May, 1939.

- Recent Changes:

  - Effective January 1, 2001, the employee contribution rate will be 6.0% of pensionable earnings up to Canada Pension Plan (CPP) maximum pensionable earnings and 7.0% of pensionable earnings above the CPP maximum each year. On pensionable earnings up to the CPP maximum, the matching employer contribution rate remains the same at 5.1%.

  - Effective September 1, 2000, the Act was amended to provide benefit improvements. The most significant benefit improvement was to amend the pension formula to increase the pension benefits payable effective September 1, 2000 from 1.4% to 1.6% of average earnings below the average CPP maximum. There were also changes to buy back provisions respecting pensionable service as well as to other administrative matters. The cost of these benefit improvements will be funded by the Fund and by an increase in employee contribution rates.

  - Employer Billings: Effective January 1, 1998, pursuant to subsection 22(11) of the Act, employer funding for employees of more than one non-matching Agency shall be on a pro-rata basis in accordance with the portion of the amount paid or transferred to the employee in respect of which no employer matching contributions were made effective for events on or after January 1, 1998.

  - Age 69 Retirement: Effective January 1, 1997, a participant must commence pension no later than the last day of the calendar year in which the member attains age 69 (previously age 70).

  - Correctional Officers Rule of 75: Effective November 19, 1996, employees who are members of the Province of Manitoba's Corrections Component are required to contribute an additional 1.00% of pensionable earnings. These additional contributions, which are credited to the Correctional Officers' Trust Account, are intended to fund the additional pension benefits for eligible employees who may retire as early as age 50 with no reduction for early retirement providing age and qualifying service are equal to a total of 75 or greater.

- Eligibility:

  Each full-time employee of the Province or an Agency immediately begins to participate in the Fund.

  Each part-time, temporary or term employee must become a participant upon completing 2 consecutive years of employment in which salary exceeds 25% of the Year's Maximum Pensionable Earnings as defined in the Interpretation Section of the Canada Pension Plan. Any such employee has the option to participate in the Fund any time after employment commences.

- Contributions:

  The Fund is financed by contributions required to be made by employees who are participants in the Fund and by participating employers.

  At December 31, 2004, the rates of required contribution for employees who are participants in the Fund were as follows:

	Employees	Matching Employers
On CPP portion of salary	6.0%	5.1%
On portion of salary in excess of CPP earnings	7.0	7.0

  In accordance with the Act, 10.2% of the contributions are allocated to the indexing benefits Account.

  Some of the participating employers are "matching" the contributions made by their employees. The remaining employers are financing their portion of benefits on a pay-as-you-go basis. Correctional Officers are required to contribute an additional 1.00% of salary.

- Pension Formula:

  The lifetime pension formula equals:

  - 2.00% of a member's best 5-year average pensionable earnings multiplied by pensionable service, minus

  - .4% of the average Canada Pension Plan's earnings for the same period multiplied by pensionable service since January 1, 1966.

  The lifetime pension is subject to an overall maximum of 70% of the average earnings plus the pension which can be provided by the .2% benefit improvement which was effective September 1, 2000. Some pensions for members retiring prior to age 60 are subject to an early retirement reduction.

- Retirement:

  A participant receives an unreduced pension if such a participant retires on the last day of the calendar year in which the member attains age 69; on or after age 65 with one year of qualifying service; on or after age 60 with 10 years of qualifying service; or on or after age 55 if age plus qualifying service is equal to 80.

  A participant is eligible to receive a reduced pension if such a participant retires on or after age 55 having completed 10 years of qualifying service.

  Eligible members of the Province of Manitoba's Corrections Component may retire as early as age 50 if their age plus qualifying service total 75 or more.

  The pension is paid for as long as a retired participant lives. If the participant dies before the total of the pension payments is at least equal to the participant's contributions with interest, the excess amount of these contributions over the pension payments made is paid to the participant's beneficiary or estate, whichever is applicable.

If the participant has a spouse at the date of retirement, a joint annuity is payable during the lives of the participant and the spouse. This annuity is reduced by one-third on the death of the participant. This annuity is reduced so that it is actuarially equivalent in value to the pension that would otherwise be payable. This form of payment is also guaranteed so that the total payments are at least equal to the participant's contributions with interest.

This form of payment can be waived if the spouse signs the appropriate waiver form.

- Termination:

Pension entitlements are protected (vested) for participants with 2 or more years of qualifying service. This type of protection applies from January 1, 1985. These entitlements are portable and may be transferred to another pension plan or to a suitable locked-in vehicle. Calculation of a commuted value of pension in respect of service on and after January 1, 1985 is performed at the time of termination, death, or retirement. A test is made to ensure that the participant's required contributions plus interest (less 10.2% allocated to the indexing benefits Account) provide no more than 50% of the benefit. This test may cause an additional benefit to be paid for service on or after January 1, 1985.

Pension entitlements for service prior to January 1, 1985 are protected for participants over age 45 with 10 or more years of qualifying service.

Where all or a portion of a participant's pension entitlements are not protected, the terminating participant may elect a cash settlement equal to the contributions with interest in respect of that portion.

- Disability:

A participant who has 10 or more years of qualifying service, has not reached age 60 and suffers from a disability may apply for a disability allowance.

If the disability is total and permanent, the participant qualifies immediately for an allowance calculated as a normal retirement pension.

Average annual salaries are determined at the date of disablement.

- Death:

If a participant dies prior to retirement and has not completed 2 years of qualifying service, the death benefit is a cash settlement equal to the participant's contributions with interest.

If a participant dies prior to retirement and has completed 2 years but not 10 years of qualifying service, the death benefits are equal to:

- the participant's contributions with interest for service prior to January 1, 1985, and
- the commuted value of the participant's accrued pension for service on and after January 1, 1985. This amount may be paid as an annuity if there is a surviving spouse.

If a participant dies prior to retirement and has completed 10 years of qualifying service, the participant's spouse receives an annuity equal to 60% of the participant's accrued pension. The value of the spouse's annuity must be at least equal to the commuted value of the participant's accrued pension for service on and after January 1, 1985.

If a participant dies prior to retirement and has completed 10 years of qualifying service but there is no surviving spouse, the death benefit is equal to the participant's contributions with interest. The value of the death benefit must be at least equal to the commuted value of the participant's accrued pension for service on and after January 1, 1985.

If there are also eligible survivors, the annuity will be guaranteed for 10 years. If there is no spouse but there is(are) eligible survivor(s), the annuity will be guaranteed up to a maximum of 10 years.

If the participant dies prior to retirement and does not have a spouse or eligible survivor(s), the death benefit is a cash settlement equal to the participant's contributions with interest for service prior to January 1, 1985 and equal to at least the commuted value of the participant's accrued pension for service on and after January 1, 1985.

- Indexing:

  - Post-retirement: Increases to pensions in payment of up to 2/3 of the change in the Consumer Price Index (CPI) are granted if there is a sufficient amount available in the Superannuation Adjustment Account (Account) and there is an increase in the cost of living. A separate report has been prepared on the Account. Such amounts are not charged to the basic part of the Fund.

  - Pre-retirement: Increases to deferred annuities of up to 2/3 of the change in CPI are prefunded on the Valuation Balance Sheet between the date of termination and date of pension commencement. Such amounts are charged to the basic part of the Fund.

- Valuation Process:

  For each event and resulting benefit in the actuarial valuation, we examine the eligibility criteria, benefit amount and maturity value in order to determine the value of that benefit. A description of these items follows:

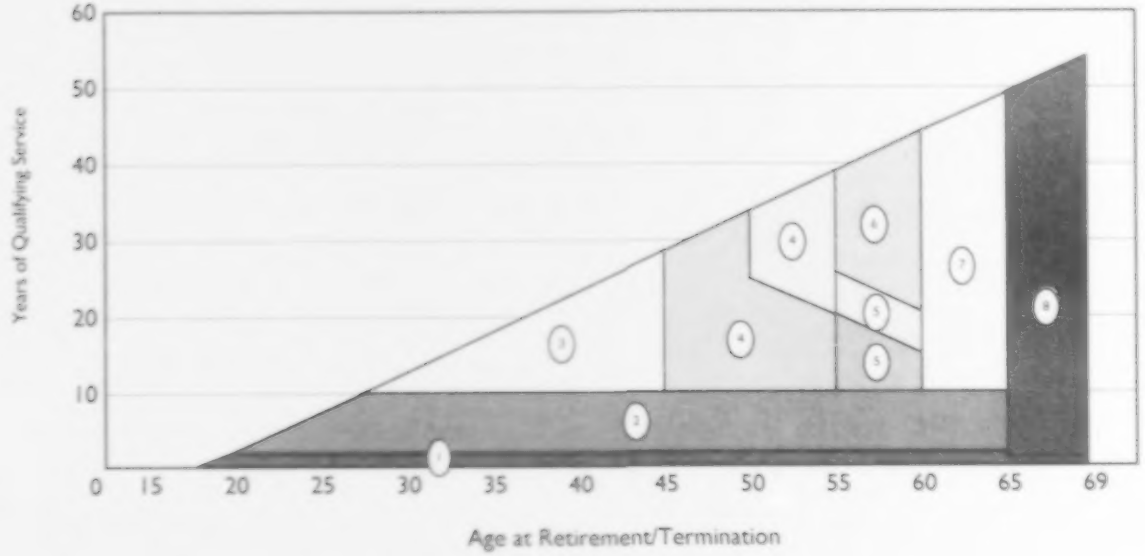
  - Eligibility - benefits usually depend on some combination of attained age and years of qualifying service recognized in the Act.

  - Benefit Amount - cash settlements usually equal the participant's required contributions with interest. Pensions are based on the number of years of pensionable service and the average of the best 5 years' pensionable earnings.

  - Maturity Value - a lump-sum cash settlement and/or a pension. If the benefit is a pension, the normal form of payout is life refunding if single. If married, the normal form of payout is joint-life, reducing to 2/3 on the participant's death (actuarially equivalent to life refunding). Other optional forms of payout are available with different death benefits.

Vested and locked-in pensions can be commuted and transferred to a suitable locked-in vehicle.

Retirement/Termination Eligibility



1 Termination (t<1, or 1<2 and x<65): cash settlement, not vested, not locked-in

2 Termination (x<65 and t≥2 but <10): locked-in vested pension deferred to age 65 for post-1984 service. For pre-1985 service, a choice of cash settlement or deferred pension is available.

3 Termination (x<45 and t≥10): locked-in vested pension deferred to age 55 for post-1984 service. For pre-1985 service, a choice of cash settlement or deferred pension is available.

4 Termination (x≥45 but <55 and t≥10): locked-in vested pension deferred to age 55 for all service. Correctional Officers can retire as early as age 50 with an unreduced pension if age plus service total 75 or more.

5 Early Retirement (x≥55 but <60 and t≥10 and < rule of 80): immediate reduced pension (bridging may occur). Correctional Officers can retire as early as age 50 with an unreduced pension if age plus service total 75 or more.

6 Early Retirement (x≥55 but <60 and ≥ rule of 80): immediate unreduced pension

7 Early Retirement (x≥60 but <65 and t≥10): immediate unreduced pension

8 Normal and Postponed Retirement (x≥65 and t≥1): immediate unreduced pension

1. Going Concern Assumption Summary

Actuarial Assumptions and Methods	2004 Valuation	2001 Valuation
• Actuarial Cost Method	Accrued benefit cost method with salary projection	Entry age/(total service)
• Asset Valuation Method	Market less a reserve of no more than 3.25% of basic assets ($84,422,000)	5-Year Moving Average Market Asset Experience (market less $66,570,000)
• Annual Rate of Inflation	2.50%	2.75%
• Annual Real Rate of Return	4.00%	Same
• Assumed Rate of Return	6.50%	6.75%
• Annual Interest on Contributions	4.50%	4.75%
• Annual Productivity Increases	0.75%	Same
• Annual General Salary Increases	3.25%	3.50%
• Annual Salary Merit Increases	Actual experience	Same
• Annual Rate of Increase in YMPE	3.25%	3.50%
• Annual Rate of Increase in Maximum Pension under the Income Tax Act	2004: $1,833.33 2005: $2,000.00 Indexed ≥ 2006: 3.25%	2001: $1,722.22 Indexed ≥ 2002: 3.50%
• Indexing - pre-retirement - post-retirement	2/3 of inflation, or 1.67% Nil	2/3 of inflation, or 1.83% Same
• Retirement Rates	Actual experience plus 10% caution (rates stop at 65)	Same
• Withdrawal Rates	Actual experience (rates stop at 55)	Same
• Disability Rates	Actual experience	Same
• Death Rates	1994 GAM	Same
• Expenses		
- Investment Fees	.11 of 1% of assets	Same
- Cost of Administration	.05 of 1% of assets	Same

Further detail is attached.

2. Actuarial Cost Method

The actuarial cost method for the 2004 Valuation has been changed to the accrued benefit cost method (ABCM) with salary projection. ABCM anticipates that the current service cost with interest, when added to the opening liabilities, will be sufficient to finance the liabilities at the end of the next year, after reflecting expected retirements, terminations, and deaths. This method of valuation is used by approximately 90% of defined benefit pension plans in funding their benefit promises. This method is however more sensitive to an aging demographic active population and will result in increasingly higher current service cost as the population ages. The ABCM method is the preferred method used in the accounting profession for reporting financial obligations of pension plans.

In previous years the entry age normal actuarial cost method (EACM) had been used. This method results in higher initial reserves being established on the valuation balance sheet as the current service cost for EACM is calculated by allocating the total service projected pension costs over the period from entry age to eventual retirement, termination, or death. This method will typically lead to a lower current service cost and greater stability in the contribution rate over time. However, this method is not favored by the accounting profession, and has also been contested by the Canada Revenue Agency.

As a result of the change in this method from EACM to ABCM, the present value of the shortfall in the contribution rate in respect of future service benefit accruals has been reduced on the valuation balance sheet. However, the current service cost as a percentage of salary has increased. Generally, this reallocation of cost between the valuation balance sheet and the current service cost results in less intergenerational transfer between participants in the Fund.

3. Asset Valuation Method

The "actuarial value" of assets consists of the market value of the assets, plus a provision for possible future asset write-ups/(write-downs). The asset write-up/(write-down) is used to provide an appropriate smoothing effect for investment experience to date.

The asset write-up/(write-down) is to be based on a 5-year moving average of the investment experience gain/(loss). Each year, the asset write-up/(write-down) of the prior year is reduced by the actual investment experience gain/(loss) of the current year and increased by the latest 5-year average of the investment experience gain/(loss).

Equivalently, the 5-year moving average asset write-up/(write-down) may be directly computed to be equal to the sum of 80%, 60%, 40%, and 20% of the current year and prior 3 years' investment experience gain/(loss), respectively.

If the net rate of return equals the average assumed rate of return for 4 consecutive years, then the asset write-up/(write-down) will equal zero at the end of that period.

Development of Asset Smoothing Reserve as at December 31, 2004
(Market Value)

[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
					Investment Experience Gain/(Loss)		Unamortized Portion of Investment Experience Gain/(Loss)	
Year End	Closing Assets	Net Investment Income*	Net Rate of Return (%)	Assumed Rate of Return (%)	(%)	($)	(%)	($)
1999	$ 1,944,867,000	137,533,000	7.57	7.00	0.57	$ 10,356,000	0	$ -
2000	2,112,754,000	191,140,000	9.89	7.00	2.89	55,854,000	0	-
2001	2,197,290,000	105,243,000	5.01	7.00	(1.99)	(41,803,000)	20	(8,361,000)
2002	2,204,955,000	28,356,000	1.30	6.75	(5.45)	(118,877,000)	40	(47,551,000)
2003	2,470,842,000	290,489,000	13.25	6.75	6.50	142,504,000	60	85,503,000
2004	2,772,253,000	329,714,000	13.42	6.75	6.67	163,874,000	80	131,099,000
					Preliminary December 31, 2004 Asset Smoothing Reserve =			$ 160,690,000 **

* Note the net investment income and gains/(losses) are for the whole Fund including the Account. A separate asset smoothing reserve is now explicitly calculated for the Account.

** In addition, the above preliminary amount has decreased from $160,690,000 to $84,422,000 to cap the asset smoothing reserve at 50% of the assumed rate of return of 6.50%, or 3.25%, of basic assets (3.25% x ($2,772,253,000 - $174,649,000)).

	December 31, 2004
Preliminary Asset Smoothing Reserve	$ 160,690,000
Portion Not Used	(76,268,000)
Final Asset Smoothing Reserve	$ 84,422,000

4. Assumed Rate of Return

The Canadian Institute of Actuaries (CIA) publishes economic statistics by asset class generally over the last 50 years or shorter periods if information is not available. Using the information on real rates provided by the CIA for the long-term periods ending December 31, 2004, we have recorded the historical mean rates of return by asset class in the table below.

Asset Class	Basis	Real Rate Historical Mean	Class Adjustments	Best Estimate Mean Real Rate	2004 Current Policy Weight	Weighted Best Estimate Mean Real Rate
Short-Term	91-day T-Bills	2.51%	(0.77%)	1.74%	4.00%	0.07%
Bonds	Cdn Long Bonds	2.92%	0.09%	3.01%	39.00%	1.17%
Mortgages	Conventional Mortgages	4.67%	(0.66%)	4.01%	0.00%	0.00%
Real Estate	ICREIM/IPD Canadian Index	5.64%	(0.57%)	5.07%	8.00%	0.41%
Canadian Stocks	S&P /TSX	5.59%	0.48%	6.07%	28.00%	1.70%
U.S. Stocks	S&P 500 in Cdn$	7.01%	0.21%	7.22%	11.00%	0.79%
International Stocks	EAFE in Cdn$	8.00%	(0.75%)	7.25%	10.00%	0.73%
Best Estimate Asset Real Rate					100.00%	4.87%
Provision for Investment Related & Administration Expenses						(0.16%)
Provision for Adverse Deviations						(0.71%)
Valuation Real Interest Rate						4.00%
Valuation Inflation Rate on CPI for Canada		4.10%	1.60%	2.50%	100.00%	2.50%
Valuation Assumed Rate						6.50%

Lower mean rates have generally been provided for by making downward adjustments to arrive at a best estimate mean real rate. These adjustments were made as follows:

- The 50-year short-term asset class mean was decreased due to recognition of account receivables and payables, and the effect of averaging a number of different 50-year economic periods.
- The 50-year Canada long bond asset class (based on yields used in commuted value basis) was decreased due to recognition that an equal portion of the bond portfolio is invested in Provincials and Corporates earning higher real rates, and the effect of averaging a number of different 50-year economic periods.
- The 50-year mortgage asset class mean was increased to recognize the historical average spread of 1.50% above Canada long bonds less servicing charges of .50%.
- The 20-year real estate asset class mean was decreased to recognize the ICREIM/IPD Canadian Index as an initial proxy and the historical average spread of 1.00% below the Canadian stock performance.
- The 50-year Canadian stock asset class mean uses the S&P/TSX Index as an initial proxy and the effect of averaging a number of different 50-year economic periods.
- The 50-year U.S. stock asset class mean uses the S&P 500 (Cdn$) as an initial proxy and the effect of averaging a number of different 50-year economic periods, less .50% to reflect political and environmental issues.
- The 30-year International asset class mean uses the EAFE International (Cdn$) as an initial proxy plus recognition that this asset class should have an expected mean real return higher than the S&P 500 to compensate for the additional risk off continent.

Once the best estimate mean real rate was obtained for each asset class, it was weighted by the current asset mix at December 31, 2004 to arrive at the overall rounded best estimate asset mean real rate of 4.87%. This rate was reduced a further 0.87% to 4.00% to allow for investment fees, operating expenses and provide for possible future adverse deviations. The resulting 4.00% valuation real interest rate was added to an assumed valuation inflation rate of 2.50% to arrive at the valuation assumed rate of 6.50%.

5. **Salary Increase Rates**

	2004 Valuation	2001 Valuation
• Inflation rate included in salary increase rates	2.50%	2.75%
• Productivity rate included in salary increase rates	0.75%	Same
• Service, merit, promotional rate of salary increase	See table	Same

Attained Age	Males	Females
20	3.00%	3.00%
25	2.50	2.50
30	2.00	2.00
35	1.50	1.50
40	1.00	1.00
45	0.50	0.50
50	0.25	0.25
55	0.00	0.00
60	0.00	0.00
65	0.00	0.00

- In addition, allowance is made for an increase in the average annual salary at the date of retirement. This allowance is equal to 2.68% and is due to the use of accrued vacation pay in the calculation of average annual salary.

6. **Retirement Rates** (same as 2001 Valuation) (rates stop at 65)

Attained Age	Males	Females
55	24.86%	24.49%
56	11.51	8.41
57	10.69	9.12
58	11.17	9.20
59	12.80	9.93
60	27.10	21.45
61	15.52	14.22
62	17.50	15.37
63	18.11	17.72
64	32.83	32.32
65	100.00	100.00
66	100.00	100.00
67	100.00	100.00

7. **Withdrawal Rates** (same as 2001 Valuation) (rates stop at 55)

Attained Age	Males	Females
20	10.15%	12.60%
25	6.60	9.20
30	4.63	6.88
35	3.39	5.31
40	2.58	4.26
45	2.06	3.64
50	1.71	3.22
55	0.00	0.00
60	0.00	0.00

- proportion of eligible terminations expected to elect a deferred pension - active participants who terminate after the completion of 2 years of service are expected to choose a deferred pension in respect of all service.

- Each deferred pension is assumed to commence at age 55 if 10 years of service have been completed or at age 65 if less than 10 years of service have been completed.

8. **Disability Rates** (same as 2001 Valuation)

Attained Age	Males	Females
20	0.00%	0.00%
25	0.00	0.00
30	0.00	0.00
35	0.01	0.01
40	0.04	0.06
45	0.09	0.13
50	0.23	0.30
55	0.66	0.76
60	0.00	0.00

9. Death Rates

- Prior to the Date the Pension Commences (same as 2001 Valuation)

Attained Age	Mortality Rates – GAM94 Males	Females
20	0.05%	0.03%
25	0.07	0.03
30	0.08	0.04
35	0.09	0.05
40	0.11	0.07
45	0.16	0.10
50	0.26	0.14
55	0.44	0.23
60	0.80	0.44
65	-	-

Attained Age	Spousal Proportion (same as 2001 Valuation) Males	Females
20	33.00%	35.00%
25	69.00	55.00
30	90.00	68.40
35	92.70	70.50
40	93.30	70.00
45	93.50	67.80
50	90.00	71.00
55	90.00	71.00
60	90.00	71.00
65	90.00	71.00

- After the Date the Pension Commences (same as 2001 Valuation)

Attained Age	Pensioners/Survivors Mortality Rates – GAM94 Males	Females
25	0.07%	0.03%
30	0.08	0.04
35	0.09	0.05
40	0.11	0.07
45	0.16	0.10
50	0.26	0.14
55	0.44	0.23
60	0.80	0.44
65	1.45	0.86
70	2.37	1.37
75	3.72	2.27
80	6.20	3.94
85	9.72	6.77
90	15.29	11.63
95	23.36	18.62

10. **Average Actuarial Factors**

Category	Average Age	Number of Members	Fund Average Monthly Pension	Average Actuarial Factor	Liability/ Reserve/ Surplus
December 31, 2004					
Active Participants	44.63	26,761	$ 444.93	9.1800	$ 1,311,656,000
Other Participants	47.81	2,909	238.81	7.9461	66,242,000
Pensions in Payment	69.34	13,080	580.84	10.3322	941,972,000
Reserves	-	-	-	-	132,666,000
Surplus	-	-	-	-	145,068,000
Total/Average	52.41	42,750	$ 472.49	10.7167	$ 2,597,604,000
December 31, 2001					
Active Participants	44.18	24,859	$ 416.62	8.7009	$ 1,081,357,000
Other Participants	46.36	2,917	242.75	7.6949	65,386,000
Pensions in Payment	69.41	11,498	526.51	10.0131	727,407,000
Reserves	-	-	-	-	168,424,000
Surplus	-	-	-	-	6,230,000
Total/Average	51.73	39,274	$ 435.88	9.9735	$ 2,048,804,000

The actuarial factors for liability calculations have been strengthened for this Report.

The overall average actuarial factor has increased from 9.9735 to 10.7167 largely due to the increase in the size of the reserves.

11. Sensitivity Test

The impact on pension liabilities of changes in the actuarial assumptions depends largely upon the number of years over which benefits will be paid and the exact pattern of the expected benefit cash flow.

The demographics of the group covered by a valuation has an impact on the resulting change in liability for a given change in an actuarial assumption.

Different parts of the valuation are affected differently by a change in a specific valuation assumption. Two of the more significant assumptions are the real rate of return (4.00%) and the assumed inflation rate (2.50%) expected in the future.

There are rules of thumb to estimate the effect upon liabilities of a change in the assumed real rate or assumed inflation rate. These rules of thumb can be expressed mathematically by introducing the concept of duration where:

$$\%\ \text{change in liability} = -\text{duration} \times \%\ \text{change in assumed rate}$$

The approximation is usually quite good for small changes in the assumed rate (we will test a negative ¼% change).

The following table summarizes the application of the above formula to the Fund data as at December 31, 2004.

	Decrease Real Rate ¼%			Decrease Inflation Rate ¼%		
Liability Category	Liability	% Change in Liability	Estimated Duration	Liability	% Change in Liability	Estimated Duration
Active Participants	$ 1,397,387,000	6.54%	26.1	1,362,207,000	3.85%	15.4
Other Participants	68,898,000	4.01%	16.0	68,053,000	2.73%	10.9
Pensions in Payment	961,449,000	2.07%	8.3	961,449,000	2.07%	8.3
Reserves	132,666,000	-	-	132,666,000	-	-
Surplus	37,204,000			73,229,000		
	$ 2,597,604,000			$ 2,597,604,000		
Increase/(Decrease) in Reserves & Surplus	$ (107,864,000)			$ (71,839,000)		

The higher the duration, the more sensitive the financial position of the Fund is to a change in actuarial assumption.

Active participant liabilities are more sensitive (volatile) to a change in the assumed rates than other participants. Pensions in payment liabilities are the least sensitive.

The inflation rate changes have about 2/3 the impact as an equal change in the real rate.

Further details of the historical inflation and real rates are found in Appendix I.

1. Solvency Test Balance Sheet

In contrast to the going concern measurement of the financial health of the Fund, the following Balance Sheet measures the financial position of the Fund if it had been hypothetically wound-up on the valuation date.

	December 31, 2004	December 31, 2001
ASSETS (Appendix I)		
Net Assets Available for Benefits	$ 2,772,253,000	$ 2,194,161,000
Superannuation Adjustment Account	(174,649,000)	(145,357,000)
Net Assets Available for Basic Benefits	$ 2,597,604,000	$ 2,048,804,000
LIABILITIES (Appendix II, III)		
Active Participants	$ 1,449,670,000	$ 1,130,770,000
Other Participants	66,977,000	66,298,000
Pensions in Payment	1,056,766,000	770,425,000
Wind-up/Future Administrative Costs	12,988,000	10,244,000
Basic Liabilities	$ 2,586,401,000	$ 1,977,737,000
Solvency Test Excess/(Deficiency)	$ 11,203,000	$ 71,067,000
Solvency Ratio	100.43%	103.59%

The above results do not reflect, nor are they required to, the new solvency standards which are effective for valuations on and after February 1, 2005. The new standards are a more severe measurement of financial health, in the current environment, and would have produced a solvency deficiency if implemented for this Valuation. These new standards will be used in the next Valuation. Notwithstanding the above comments, the Fund is exempt from the solvency funding requirements under the Manitoba Pension Benefits Act.

2. Solvency Rate of Return

The assumed rate of return is prescribed for solvency tests. It must reflect long-term government of Canada bond rates (CANSIM Series B14013).

The rate thus calculated was then adjusted in a similar manner to that used in the calculation of commuted values (CV), except for the 2-month delay:

- add .50%, and
- convert the resulting nominal rate, which is based on semi-annual compounding, to the equivalent effective annual rate.

CANSIM B14013 OCTOBER, 2004 = 4.96%

$$\left\{1 + \frac{4.96\% + .50\%}{2}\right\}^2 - 1 = \quad 5.53\%$$

The unrounded rate of interest so determined is then rounded to the nearest multiple of .25%. The rounding process changes the rate of interest to 5.50% per year.

As a result, the interest rates used for the purposes of the solvency valuation are equal to 5.50% per year for the first 15 years, and 6.00% per year thereafter.

The rate was adjusted for retired members, or members eligible to retire, to reflect group annuity purchases. The adjustment provides a margin for the usual difference between the discount rates implicit in group annuity purchase rates and the discount rates applicable to commuted value calculations. This rate was equal to a flat 5.00% per year.

Canada Long-Term Bonds (CANSIM Series B14013)

3. Solvency Test Assumption Summary

Actuarial Assumptions and Methods	*2004 Solvency Test*	*2001 Solvency Test*
• Actuarial Cost Method	accrued benefit cost method (service to date)	Same
• Asset Valuation Method	market value	Same
• Wind-up/Fund's Share of the Cost of Administration	.50 of 1% of assets or $12,988,000	.50 of 1% of assets or $10,244,000
• Assumed Rate of Return		
- Pensions not commenced	5.50% for 15 years, 6.00% thereafter	6.00% for 15 years, 6.00% thereafter
- Pensions in payment	5.00%	5.50%
• Annual Interest on Contributions	N/A	Same
• Annual Productivity Increases	N/A	Same
• Annual General Salary Increases	N/A	Same
• Annual Salary Merit Increases	N/A	Same
• Annual Rate of Increase in Canada Pension Plan Earnings Maximum	N/A	Same
• Annual Rate of Increase in Maximum Pension under the Income Tax Act	N/A	Same
• Indexing		
- Pre-retirement	Nil	Same
- Post-retirement	Nil	Same
• Retirement Rates	10 years of service, age 55 or immediate; otherwise age 65	Same
• Pre-Retirement, Termination, and Death Rates	Nil	Same
• Post-Retirement Mortality Rates	GAM83	Same